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*Interviews*

*Riding the  
Transshipment Wave*

N Ramachandran  
Chairman, Cochin Port Trust

*Om Logistics:  
The Growth Chant*

Akash Bansal  
Head - Logistics, Om Logistics Ltd.

*Port Scan*

Jaigarh Port:  
Konkan's Coronet

*Shipping*

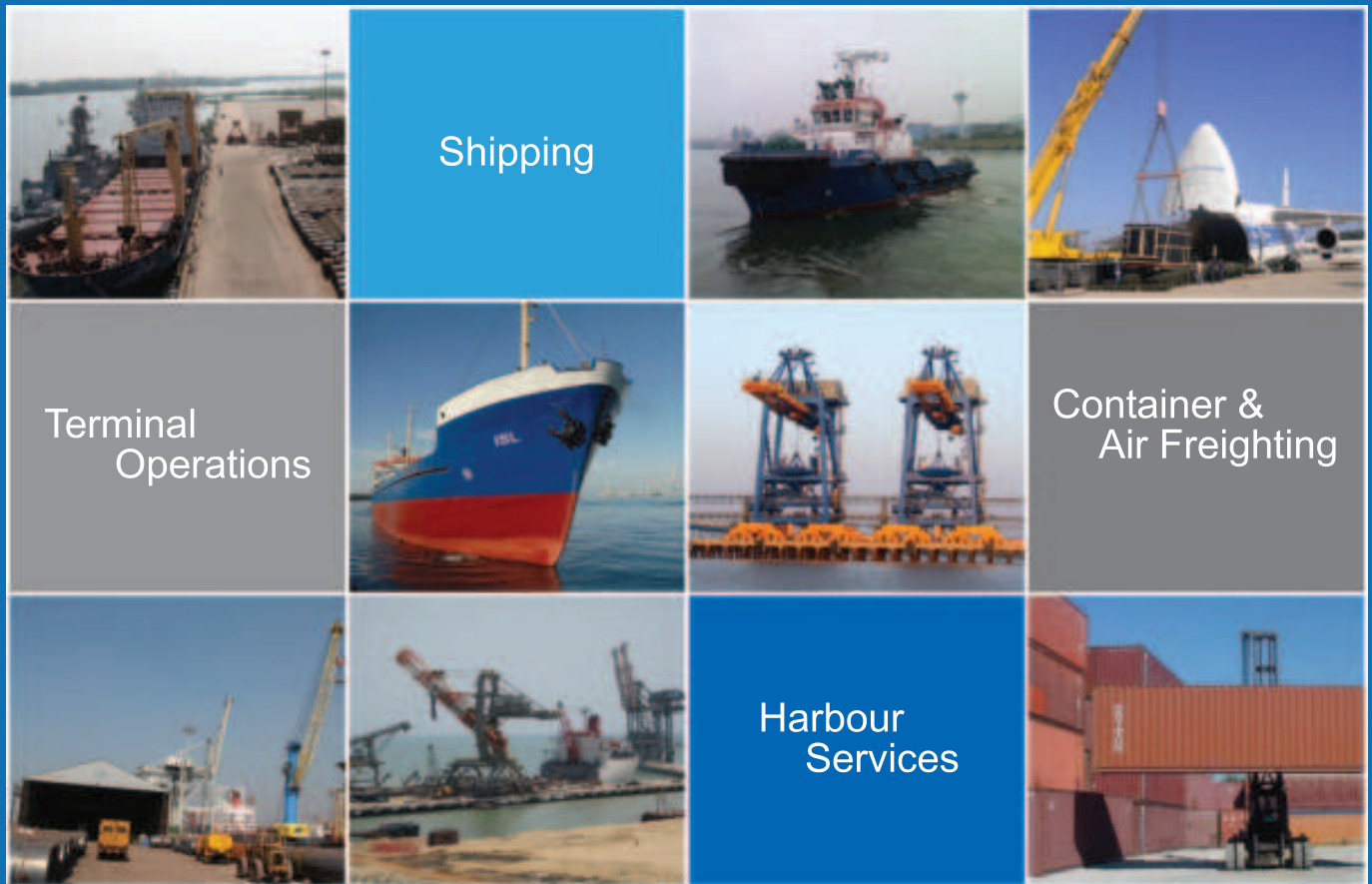
Boxships Go to  
Greece & China



# LUCRATIVE LCL

The LCL consolidation business is set to thrive on increasing volumes of post-recession container trade. Nevertheless, LCL consolidation as a business segment is largely unorganised and needs government intervention in the form of process standardisation to protect the interests of the shippers.

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## LUCRATIVE LCL

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Cover Story

With the export and import trade growing at a steady pace, the scope for the containerisation of goods is also increasing at a rapid pace. The LCL consolidation business is set to thrive on this growth as the small and medium-sized enterprises, who form a major part of Indian exports, are increasingly adapting to the containerisation of goods. Nevertheless, LCL consolidation as a business segment is largely unorganised and needs government intervention in the form of process standardisation to protect the interests of the shippers.

## INTERVIEWS

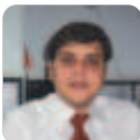
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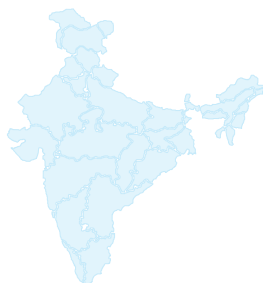


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# The First of its kind National Conference on Bulk and Project Cargo in the City of Joy

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Gateway Knowledge Forum, a unique platform that brings together the industry, trade and the government to debate and deliberate on the most pressing issues, brings to you India Bulk & Project Cargo Summit, a highly focussed event on bulk and project cargo.

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- Opportunities and challenges in the growth of bulk cargo
- Demand projections for major bulk commodities
- Issues/problems faced by bulk cargo consumers and transporters
- Benefits of coastal and inland shipping for the industry
- Efficiency of bulk handling systems at seaports
- Changes and developments in the bulk shipping markets
- The role of Railways in bulk cargo movement
- New trends in equipment handling



## Sessions

This one-day conference, consisting of four dedicated sessions, will deliberate on specific issues of bulk and project cargo, including coastal shipping, IWT & ODC.

### Session I : Business Track

Theme : Bulk Cargo: Opportunities and Challenges

### Session II : Transportation Track

Theme : Coastal Shipping and IWT: Can we make them viable?

### Session III: Project Cargo Track

Theme : Keeping Pace with Demand

### Session IV: Technology Track

Theme : Bulk Handling: Improving Efficiency through Technology



## Let's talk Mass and Matter



Conference

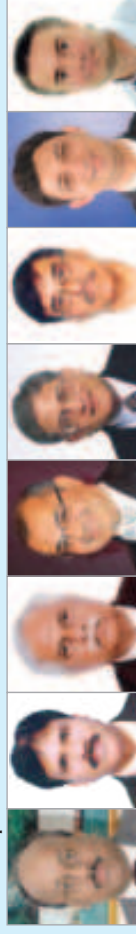


Sessions



Key Speakers

Over 25 experts confirmed to address the conference



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Hon'ble Minister of State, Chairman, Kolkata Port Trust  
Ministry of Shipping

**Capt K S Nair** Director, Bulk Carriers & Tankers, The Shipping Corporation of India

**Mr Krishna Kotak** Managing Director, J M Baxi & Company

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**Mr H B Ganguly** Vice President – Hydro, Jindal Power Ltd

**Mr Manish Saigal** ED PNG India Pvt. Ltd

**Mr Jacob Hansen** Vice President, CSI Asia Shipping Pte Ltd, Singapore



## Key Speakers

### Shri Mukul Roy

Hon'ble Minister of State, Ministry of Shipping\*

### Shri Rinkesh Roy

Director, Traffic Transportation, Railway Board, Ministry of Railways\*

### Shri Biplav Kumar

Chairman, Paradip Port

### Shri Sunil Kumar

Vice Chairman, Inland Waterways Authority of India

### Mr D P Singh

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### Mr S K Shahi

Chairman, SKS Logistics Ltd & President, Indian Barge Owners Association

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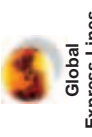
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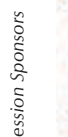
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## Mercy, can you let in Commerce?



The littoral states in India, as part of their plan to consolidate port development processes, are gearing up to establish maritime boards. The latest to join the list of wannabes is Goa. The government in the land of beaches is keen to have a single window to streamline the process of port privatisation. The ports minister of the state has recently announced that an agency is on the anvil, which will attract private capital and funds on its own.

Since a government department could mean elaborate procedures and at times endless delays in project

implementation, Goa hopes to set up a board to oversee privatisation of ports and the revenue accrued thereof. The maritime boards in Gujarat and Maharashtra have been doing it quite well and contributing a fair deal to maritime development in their respective states. And Goa wishes to study their functional model and customise it to its needs.

The Karnataka government too is establishing a maritime board to develop minor ports in the state. It hopes to handle the 10 minor ports being managed by the state's public works department and increase its present revenue of Rs 20 crore to Rs 100 crore.

Meanwhile, we hear of protests made by workers affiliated to the Water Transport Workers' Federation of India at the major ports. As the issue of corporatisation draws national attention, the federation demands that such a move be dropped in the interest of the manpower required at ports. Unfounded fears! says the government and makes it clear that functional and operational changes are not imminent. But the workers fear any work-related rationalisation could have a direct bearing on them.

Now this is an issue of commerce and compassion. Ports, says the shipping secretary in his earlier interview with *Maritime Gateway*, are not really a 'social entity' but more or less a 'commercial entity' that need to generate revenue at the end of the day. And how does one go about doing it by weighing all the options in hand is a matter that requires trust and tact.

*Merci beaucoup!*

Best Regards,

Ramprasad, Publications Director

[ramprasad@gatewaymedia.in](mailto:ramprasad@gatewaymedia.in)

### Corrigendum

In the 'Preparing for a Low Carbon & Emissions Future' article in the July issue of *Maritime Gateway*, it was stated that "Malaysia was committed to cut down up to 40 per cent of its carbon emissions intensity of GDP by 2010." The author Nazery Khalid, Senior Fellow at Maritime Institute of Malaysia, corrects the year as 2015 and not as stated. —Editor

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# What's Fare and Not Fair

One needs to have a complete picture of the situation at Kolkata and Haldia ports before pointing fingers at the port authorities for the persisting problems.

It is a fact that Haldia has been facing draft constraints, but there are quite a few reasons for it such as siltation and monopoly of the public sector unit Dredging Corporation of India which is under pressure from the Central government to provide adequate dredgers for the Sethusamudram project. It is not correct to blame the Kolkata Port authorities alone for the

situation. In fact, Kolkata Port's draft has been improving and its terminals have been handling record output in recent years.

## Discouraging investment

Kolkata Port Trust (KoPT) was probably one of the first among the major ports in the country to privatise handling operations but lethargic pace of development, high-handedness of private operators and poor quality of service at exorbitant cost were the order of the day. For example, private stevedores such as Grand Azad Hind Transport & TP Roy Chowdhury used to charge nearly Rs 13,000 & Rs 19,000 (over and above the port wharfage) for de-stuffing of import 20 and 40 feet boxes respectively, whereas the cost for same operation is being presently handled by KoPT at Rs 3,000 & 5,000

respectively (recently KoPT has stopped de-stuffing inside port area except in special cases).

Another example of such disparity in cost is that the same set of stevedores used to charge Rs 800 per unit for loading of a container on truck by their crane whereas KoPT charges just Rs 150 per unit. There are several such examples which would perhaps explain why KoPT is often put in the firing line by stevedores and shipping agencies.

In the break bulk arena, importers end up paying huge charges. For example, in the case of liner out cargo, the importer can avail of the storage space of the port. But some private stevedores often take the cargo to their licensed area inside the port without obtaining permission of the importers who are then made to pay exorbitant charges (in excess of Rs 500 per tonne plus storage) for storage and handling operations compared to the port's minimal tariff (five-day free service and Rs 36 per tonne per day thereafter).

If the private players are so efficient, what will explain the dismal numbers of export & import volumes handled in KoPT during the stint of private players? Now, when KoPT has taken over port operations, several customers from Uttar Pradesh and Delhi have switched to this gateway port. The point to note here is that Kolkata & Haldia ports still serve the same hinterland as they used to!

## High-handedness

I wish to refer to a recent incident where a carrier intended to charge

an unjustifiable amount of US\$ 250 per TEU as congestion surcharge for the import shipment while such a surcharge did not exist a few months back. When a protest was raised, the carrier merely rephrased the charge as 'trade surcharge'. Once the matter was brought to the notice of KoPT, the charge was again rephrased as 'balance freight'. It was at this point, KoPT decided to act and stop all operations of that particular carrier until the surcharge was completely waived. The carrier relented and the waiver was made.

Another recent example is when an LCL consolidator & delivery agent intended to charge an excess of Rs 125,000 for the delivery of a 24-cubic metre LCL shipment. When the matter was again put before KoPT, the charge was brought down by almost 50 per cent. The port, in fact, protected the rights of the customer by ensuring that the Incoterms (rules of the ICC) were adhered to.

## Lack of facilities

I agree that there is ample scope and enough reason for Kolkata and Haldia ports to be better equipped. There is also a scope for improvement in the quality of storage facility as some of the sheds are extremely old. They can be re-designed/re-built to add a lot more space. Hope the KoPT takes the necessary steps at the earliest. **MG**

*The writer is a professional running a medium-sized cargo handling company that serves as a one-stop coordination point for importers and exporters. The views expressed are his and do not represent those of the magazine.*

“Though KoPT outsources the supply, operation and maintenance of lifting and handling equipment, the numbers should increase and the quality of equipment should be improved.”



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## Australia calling

### Adani to develop coal export terminal

Dudgeon Point near Mackay is located within the Bowen Basin, the premier coal producing basin supplying the world with high-quality coking and thermal coal.

The Adani Group, promoter of Mundra Port and Special Economic Zone (MPSEZ), said it has been selected as the preferred developer for development of a coal export terminal in Australia with another proponent.

"Adani Group, the promoter of MPSEZ has received a communication from North Queensland Bulk Ports Corporation (NQBP), representing the government of Queensland, Australia stating that it has been selected as the preferred proponent for development of new coal export terminal at Dudgeon Point along with other proponent," the company said.

Prime Infrastructure's Dalrymple Bay Coal Terminal Management is the other 'preferred proponent' for development of the coal terminal which lies within the Port of Hay Point. The preferred proponent status provides Adani the right to develop a coal terminal of at least 30-60 million tonnes per annum (MMTPA) capacity, subject to technical and commercial

#### Cool deal

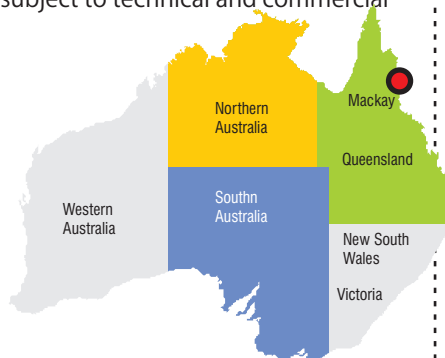
Adani Enterprises was reportedly in talks with Linc Energy of Queensland, Australia, to buy its coal mines worth US\$ 1.3 billion, Peter Bond, CEO of the company, confirmed to Australian media recently. "Linc Energy remains in detailed negotiations with a number of parties in relation to the sale of its non-core Queensland coal tenements," the company said. The coal block is said to have reserves of around 8 billion tonne.

feasibility besides environmental approvals, the statement said.

It said, as a next step, MPSEZ along with NQBP and the other proponent would prepare a master plan for coal export infrastructure/terminals at Dudgeon Point to assist the State of Queensland to evaluate options for meeting development demands.

The master plan will involve, among other things, costs associated with the development of the terminals, the land required for the same, and the feasibility study.

Abbot Point terminal near Bowen is already being expanded to 50 million tonnes capacity and Dalrymple Bay capacity has increased to 85 million tonnes, with further expansions being considered. NQBP spokesman Jeff Stewart-Harris said studies have already been completed looking at the potential dust levels from the two current terminals and the proposed new facility.



## Merger move

### CDLB docks with KoPT

Following on the lines of other port trust, the Board of Trustees of the Kolkata Port Trust (KoPT) has decided to merge the Calcutta Dock Labour Board (CDLB) with KoPT. The 350 employees of CDLB and 7,000 pensioners, who will be beneficiaries of the decision, will now become employees and pensioners of KoPT.

CDLB, that started functioning since 1953, with the objective of regulation of employment of dock workers in connection with handling of cargo on board the vessel in the Port of Kolkata within the limits from Konnagar to Budge-Budge. It is a 15-member board, with five each representing the Central government, labour unions and employers of dock workers and shipping companies.

Although their pay and pension were revised upward from January 2007, the new scale was not implemented owing to unforeseen circumstances. But now, they are likely to be paid the enhanced rates. The port has asked the Shipping Ministry for an assistance of Rs 680 crore to clear all the dues and liabilities of CDLB.

**Pilot unrest:** A decision by the KoPT to appoint 25 trainee pilots for Kolkata and Haldia has not gone down well with Calcutta Hooghly River Pilots' Guild. The guild has written to KoPT chairman M L Meena, threatening to stop work if the decision is not revoked. Terming the threat illogical, an official said, "KoPT needs at least 75-80 pilots but there are only 55. It appears that existing pilots do not wish to share the allowance for guiding ships to the ports."

## Asia focus

### APM eyes India

The Chief Executive Officer of APM Terminals, Kim Fejfer, met Union Shipping Minister G K Vasan, and other government officials recently to discuss existing and new terminal and port development projects in one of the world's fastest-growing economies. Fejfer's discussions included concerns in infrastructure support and a commitment to work together to aid the country's growth.

Fejfer, who was on a three-day visit to India to review the progress of APM Terminals facilities at the Gateway Terminals India (GTI) in Jawaharlal Nehru Port, and Port Pipavav in Gujarat was accompanied by Charles Menkhorst, CEO of the Africa Middle East, India region.

The Indian economy has been forecast to grow by 8.8 per cent in 2010, and 8.4 per cent in 2011 by the IMF's World Economic Outlook April 2010 report. Given this projection, Fejfer said India has a tremendous potential for growth in the port and shipping industry.

"India's combined container throughput was nearly 7 million TEU in 2009, or roughly equivalent to the annual volume of the Port of Hamburg, and so we can see that India is underrepresented considering the size of its economy and population," Fejfer noted. "This is where we can help make a difference," he reiterated.

Fejfer met senior government officials in New Delhi, inspected the CFS at Dronagiri Node, the ICD in Mumbai and visited the Maersk Global Service Centre in Pune.



Kim Fejfer

#### The growth

In the first quarter of 2010, container volumes at South Asian ports surged by 25.6 per cent, faster than the 15 per cent growth in container traffic recorded worldwide.

GTI ended fiscal 2009-10 with container volumes up by 20 per cent over 2008-09 at 1.75 million TEU.

Port Pipavav registered a 64-per cent growth in volumes in 2009 and expanded its annual throughput capacity to 6,00,000 TEU with two new post-Panamax cranes and a 14.5-metre depth dredged to accommodate larger vessels.

## Port utilisation

### Bangladesh asks India to clarify

Bangladesh has asked India to explain how it plans to use Chittagong and Mongla ports under an agreement signed during Prime Minister Sheikh Hasina's maiden tour to New Delhi in January this year, officials said. Chittagong handles more than 90 per cent of that country's foreign trade.

"We have asked for the Indian proposal explaining the modus operandi for using our Chittagong and Mongla ports," said Jahangir Alam, spokesman for Shipping Ministry. He said Bangladesh has assured the Indian envoy that the ports were now ready for use in line with the deal while under previous two deals, Bhutan and Nepal would also be allowed to use the facilities simultaneously.

In a related development, he said India offered to bear the finances for the reconstruction of a major land route to be used for carrying its heavy consignments under an earlier understanding.

**Indian loan:** India and Bangladesh have finalised 14 infrastructure projects in railways, including those that will enhance connectivity between the two countries, which will be implemented with an Indian loan of US\$ 1 billion as announced by Prime Minister Manmohan Singh during his the visit of Bangladesh early this year.

#### The projects include:

- Procurement of six high-powered dredgers for US\$ 71.7 million for work at ports and inland water transport.
- Internal container port at Ashuganj at a cost of US\$ 36.2 million.
- 10 locomotive engines for Bangladesh Railway at a cost of US\$ 35.5 million. Dhaka will also purchase 125 broad gauge passenger coaches for US\$ 53.6 million.
- India will construct a railway bridge on River Titas costing US\$ 120 million.
- Dhaka will buy 300 double-decker buses for US\$ 30 million and 50 luxury buses costing US\$ 6 million.
- A power gridline will be set up for US\$ 158 million; a 400 KV inter-connector will be set up from Bahrampur in India to Bheramara in Bangladesh.

**Economic ties:** Indian parliamentarian and former minister Mani Shankar Aiyar led a delegation of businessmen from Kolkata and the Northeastern Chamber of Commerce to Dhaka recently. A joint declaration by the visiting Indian businessmen and local trade community expressed commitment to boost economic ties within the sub-region and resolved to "make for the lost opportunities".

## Refinery expansion

## New Mangalore Port handles ODC

New Mangalore Port Trust handled the first batch of over dimensional cargo (ODC) for the third phase expansion of Mangalore Refinery & Petrochemicals Ltd. recently. Larsen and Toubro manufactured the giant six units of machineries weighing 900 tonnes at its Hazira plant and they were transported by MV Fair Player. The unloading operation was completed within four and half hours.

Lift and Shift, Mumbai using 48 axels trailers will transport these machineries from the port to MRPL site through the newly built ODC road near KIOCL. Sri Ganesh Shipping Agency has assisted the handling operation locally and GAC Shipping Pvt. Ltd. is the agent of the vessel.

**Record handling:** Meanwhile, Port chairman P Tamilvanan said the port created a record in handling 642 TEU of container traffic in a single day from vessel MV Tiger Power of Bengal Tiger Lines. It handled 394 TEU of import and 248 TEU of export containers in three shifts. HML Agencies Pvt. Ltd. were the stevedores and C&F agents.



## Hazardous material

## Ports asked to give safety report

The Ministry of Shipping has asked major ports for a report by July 21 on dangerous and inflammable material that might be lying in port junkyards.

The ministry has sought the reports after about 100 people were taken ill following leakage of chlorine gas from a drum dumped in a Mumbai Port Trust junkyard. The ministry has demanded to know what goods and chemicals have been lying in the junkyards of various ports, why and since when, a ministry release said.

Seeking details like the quantity and technical classification of the goods and chemicals that might be lying in port area, the ministry has also demanded to know various actions that have been taken by port authorities to dispose the stuff.

## Cargo throughput

## Port traffic falls in June

## Traffic handled at major ports

(During April to June, 2010\* vis-à-vis the same period, 2009)  
(In ' 000 tonnes)

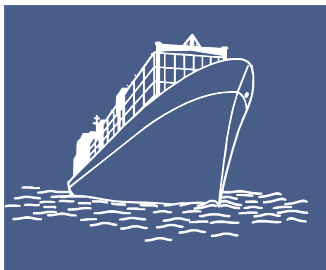
| Ports               | April to June%       |        | Variation against<br>previous year traffic |
|---------------------|----------------------|--------|--------------------------------------------|
|                     | Traffic              |        |                                            |
|                     | 2010*<br>(Tentative) | 2009   |                                            |
| 1                   | 2                    | 3      | 4                                          |
| Kolkata             |                      |        |                                            |
| Kolkata Dock System | 2933                 | 2894   | 1.35                                       |
| Haldia Dock Complex | 7574                 | 8285   | -8.58                                      |
| TOTAL: Kolkata      | 10507                | 11179  | -6.01                                      |
| Paradip             | 13627                | 14170  | -3.83                                      |
| Visakhapatnam       | 15721                | 16725  | -6.00                                      |
| Ennore              | 2262                 | 2919   | -22.51                                     |
| Chennai             | 15561                | 14139  | 10.06                                      |
| Tuticorin           | 5937                 | 5685   | 4.43                                       |
| Cochin              | 4482                 | 3580   | 25.20                                      |
| New Mangalore       | 8139                 | 9025   | -9.82                                      |
| Mormugao            | 12845                | 12498  | 2.78                                       |
| Mumbai              | 14228                | 12903  | 10.27                                      |
| JNPT                | 16009                | 14973  | 6.92                                       |
| Kandla              | 19907                | 18808  | 5.84                                       |
| Total:              | 139225               | 136604 | 1.92                                       |

Cargo movement at major ports fell 1.4 per cent at 44.8 million tonnes (mt) in June. In June 2009, these ports handled 45.4 mt of cargoes. Last time the cargo volumes fell was in July 2009 when the figure dropped by 1 per cent.

According to analysts, the timely arrival of the monsoon in coastal regions of Andhra Pradesh, Kerala and Tamil Nadu has impacted cargo volumes. In June 2009, cargo volumes were high compared with those in previous years due to the late onset of the rains and that impacted volume growth.

Reduced shipment of iron ore, petroleum, oil and lubricants (POL) cargoes impacted June volumes. Iron ore cargo fell by 19 per cent to 5.1 mt. POL fell by 10 per cent to 13.8 mt.

Fertiliser, container and coal cargoes grew 39 per cent, 17 per cent and 6 per cent to 2 million tonnes, 9.4 mt and 6 mt respectively. Shipment in other categories fell by 3 per cent to 8.4 mt, according to data from Indian Ports Association.



## Shipbuilding initiative

### GMB approves Rs 1,070-crore projects

Three shipbuilding yards are being planned along the north bank of Narmada near Dahej, and old-port of Bhavnagar.

The Gujarat government recently said it has approved three projects, worth Rs 1,070 crore, for development of shipbuilding yards, off Gujarat coast line. "The three projects have been approved by the Board, which include yards along the north bank of Narmada near Dahej, and old-port of Bhavnagar," a Gujarat Maritime Board (GMB) spokesperson said. "Small to medium size vessels are proposed to be constructed by these private players at the approved sites," he said.

The three companies granted approval for developing shipbuilding yards are Modest Infrastructure at Nava Ratanpara in Bhavnagar, Dolphin

Offshore at Jafrabad in Saurashtra and Bombay Marine at Koliyad near Dahej.

"The project in Bhavnagar by Modest is worth Rs 500 crore for which environment and coastal regulatory zone clearances have been received from Government of India). Land is in possession of the shipbuilder and project implementation shall begin soon," GMB spokesperson said.

"Land acquisition is in progress for the yards proposed at Jafrabad and Koliyad to be developed by Dolphin Offshore and Bombay Marine with an estimated cost Rs 450 crore and Rs 120 crore, respectively," he said.

The state government has proposed to set up five marine shipbuilding parks (SMPs), of which projects for three SMPs along the coastlines of Bhavanagar and Dahej are being accorded priority.

As land acquisition could be the main hurdle for infrastructure projects, the government intends to offer market rate to the landowners and give them non-transferable ownership rights and royalty in perpetuation from the projects set up in their area. -PTI

## Greatship offshore

### MPSSV delivered

Greatship Global Offshore Services Pte Ltd. (GGOS), a Singapore incorporated subsidiary of Greatship (India) Limited (GIL), a subsidiary of the Great Eastern Shipping Company Limited, has taken delivery of Greatship Mamta, a Multipurpose Platform Supply and Support Vessel, from Keppel Singmarine Pte Ltd., Singapore.

Greatship Mamta is a DP2 vessel, capable of supporting offshore exploration, production and subsea construction activities and has been built complying with the new SPS Code 2008.

With the delivery of Greatship Mamta, GIL and its subsidiaries currently own and / or operate five PSVs, seven AHTSVs, two jack up rigs and two MPSSVs. GIL and its subsidiaries also have an order book of eight vessels – one MPSSV in Singapore, two MSVs in India, three ROVSVs in Sri Lanka and two 150 TBP AHTSVs in Singapore.



## Hindustan Shipyard

## Bollard pull tug launched at VPT

Hindustan Shipyard Ltd. (HSL) has recently launched a 50-tonne bollard pull tug, M T AW Delima, for the Visakhapatnam Port Trust (VPT). VPT Chairman Ajeya Kallam launched the tug from berth number 3. The tug was named after A W Delima, the chief mechanical engineer of VPT, in the pre-Independence era, for his contribution to the development of the port. HSL Chairman and Managing Director Commodore Naresh Kumar said the keels for two tugs were laid the same day. While the first has been launched, the second tug will be launched in a few months and both would be delivered by the end of this financial year.

He expressed the hope that HSL, a Rs 660-crore turnover company, having come under the control of the Union Defence Ministry, would get more orders. HSL has so far built 166 vessels and repaired about 1,800 vessels of assorted sizes and types.

**Diesel submarine:** Meanwhile, in what is seen as a major boost to indigenous shipbuilding efforts, the Defence Ministry has reportedly shortlisted HSL to manufacture the Navy's next generation diesel submarine with the help of a foreign collaborator.



## Cost optimisation

## Wärtsilä shifts to new office

Wärtsilä shifted its office to a more economical and environment-friendly neighbourhood within Chennai, India. The new workplace enables Wärtsilä to economise on cost as well as ensure easy access for all activities taken under one roof for its land and marine customers. Speaking on the occasion, Rakesh Sarin, Managing Director of Wärtsilä India Ltd. said, "Chennai is an important hub for business in India."

## Finance automation

## SAP bags Indian Navy contract

SAP has reportedly bagged a contract through an open product agnostic tender scenario from the Indian Navy for implementing an enterprise-wide central online financial information system (FIS). Wipro is learnt to have participated in the tender and the key decision criteria for selecting the IT partner were its capabilities, functionalities, seamless integration and industry leadership and experience to address the administration requirements.

The Indian Navy needed to effectively and efficiently manage and control naval budgets and make timely decisions from the voluminous financial information available across multiple locations in the country. Central instance implementation of SAP solutions, including enterprise resource planning (ERP) software SAP ERP Central Component, the SAP Force Deployment for Defense & Security package and the SAP BusinessObjects Access Control application, commenced in March 2010.

The project is expected to go live by September 2011. Indian Navy will seek to unify its business processes and automated financial information systems to lower overall maintenance costs, improve decision-making and resource management, and enhance combat readiness.

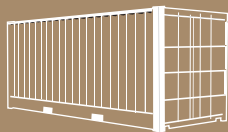
## Ship in distress

## Coast Guard saves 28 sailors

The Coast Guard (CG) rescued a merchant ship, saving lives of 28 crew members including six foreigners, off Mumbai coast. The ship, with 875 tonnes of fuel, reported flooding on board. The UK flagged MV Khalijia 3, loaded with 30,000-tonne steel coils, was sailing to Mumbai from China when at around 8.45 pm on July 18 the Maritime Rescue Coordination Centre in Mumbai received a call informing flooding on board, the officials said.

The CG's fast patrol ship Subhadra Kumari Chauhan was immediately sent with adequate repair facilities, submersible pumps and divers to extend help to the ship, they said. As the flooded ship tilted to one side at about six nautical miles off Mumbai port, the crew stood on other side when the fast patrol ship reached near the merchant vessel and all 28 crew members including six foreigners were rescued during six-hour rescue operation.

It was found that the flooding was caused due to cracks developed on the ship. The ship has 800 tonnes of heavy fuel oil, 60 tonnes of diesel oil and 15 tonnes of lub oil.



# NEWS

## Q1 freight earnings

### Railways records 8.33 pc growth

The Railways carried 218.35 million tonnes of commodity freight during April-June period as compared to 213.24 mt carried during the corresponding period last year, registering an increase of 2.4 per cent.



The Railways generated revenue of Rs 14,915 crore from commodity freight traffic during April-June quarter as compared to Rs 13,769 crore during the same period last year, as per official data released recently.

The higher increase in earnings than the volume growth suggests that the per-tonne realisation has increased, as the Railways has been able to charge more.

Out of the total earnings of Rs 4,870 crore from freight traffic during June this year, Rs 1,926 crore came from transportation of 32.94 million

tonnes of coal, followed by Rs 708 crore from 9.45 million tonnes of iron ore for exports.

The Net Tonne Kilo Metres (NTKM) went up from 1,38,779 million during April-June 2009 to 1,45,342 million during April-June 2010, showing an increase of 4.73 per cent. The earnings from the passenger movement grew by 6.69 per cent.

**Rail lines:** The government is likely to rope in the private sector for building rail lines and connectivity projects to create additional rail transport capacity in the country. The railway

ministry has reportedly come out with a new scheme, which would provide discounts on freight charges to private firms that invest in connectivity works.

The scheme, applicable to new line proposals that are over 20 km in length, also allows private players to build lines on privately acquired non-railway land. They would be expected to enter into a contract with the railways to operate and maintain the line for a period of 30 years. Railways will levy a fee up to 4 per cent on the earnings from such lines.

**Discount to FCI:** The Railways is offering the Food Corporation of India a major discount of 35 per cent to carry the grains from the flood-hit Punjab and Haryana to other parts of the country. The discount will be valid from July 20 to March 31, 2011. The discount on freight will be available on incremental loading on BOXN wagons.

## Kidderpore yard

### Century CFS functional

Century Plyboards' JJP yard at Kidderpore in Kolkata has recently been accorded the CFS status. The CFS can handle 12,000 TEU per month with a dwell time of 15 days.

According to a press release, the company received a relevant order from the commissioner of customs and it thanked the shipping fraternity for the cooperation rendered in helping Century enter the logistics sector. The hardcore products firm has diversified into the services sector and hopes to take on the challenge of another CFS in the eastern part of India. The Sonai facility and the JJP will together be able to handle 14,000 TEU per month, it noted.

| Railways Performance | April-June 2010 | April-June 2009 |
|----------------------|-----------------|-----------------|
| Commodity freight    | 218.35 mt       | 213.24 mt       |
| Revenue generation   | Rs 14,915 crore | Rs 13,769 crore |

## Marine services

## TMILL to deploy tugs at Dhamra

**T**M International Logistics Limited, a joint venture between TATA Steel and Germany's Martrade, has ventured into providing marine services to Dhamra Port to be commissioned shortly. The company has acquired three tugs at a cost of about Rs 110 crore from China. The tugs will be deployed to tow vessels mostly Capesize types along the 18-km long channel.

International Shipping & Logistics, the shipping arm of TMILL operating from Dubai, offers integrated solutions to customers by packaging ocean freighting with other auxiliary services such as transloading and draft restricted ports or with port handling and shipping agency services. The company currently operates about 20 vessels with a variety of dry bulk cargoes such as fertiliser, limestone, metallurgical coke, sulphur, steel, logs and farm products.

## Oil &amp; gas logistics

## Aegis plans necklace of terminals

**O**il and gas logistics major, Aegis Logistics, is planning to build a "necklace" of port terminals around the Indian coastline, construct inland depots and autogas retail outlets. "The next major stage of our growth is in the oil & gas logistics business," company chairman K M Chandaria told shareholders at the annual general meeting at Vapi in Gujarat. The opportunities in the segment include transit storage and re-export of crude oil and petroleum products, bunkering business, jet fuel logistics for the airline industry and non-fuel retailing in autogas stations.

Stating that India is on the radar of international oil trading companies, Chandaria cited the example of the transshipment and re-export of petroleum products business where lucrative opportunities await. The oil price deregulation is also expected to have a positive impact on the company as more and more players enter the segment, he said. "Aegis is negotiating to become a major partner in servicing their needs," he added. -PTI



## Thanjavur-Ariyalur link

## MARG to lay rail line

**A**s part of the railway ministry's move to promote private participation in its projects, complete privatisation had been assured for laying a new railway line between Thanjavur and Ariyalur and MARG Private Company Ltd., the promoter of Karaikal Port, has come forward to lay the line.

According to Union Minister of State for Finance S S Palani Manickam, MARG has written a letter to the Union Railway Ministry through the State Government assuring their cent per cent participation in the project. On the recommendation made by Chief Minister M Karunanidhi, the railway ministry had agreed to accept the proposal. Necessary orders are expected soon, the minister said.

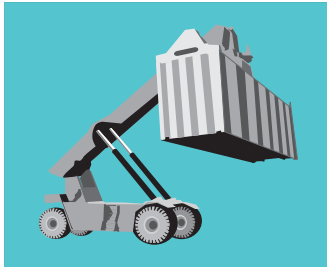
MARG had also agreed to participate in the laying of another railway line between Karaikal and Mayiladuthurai via Thirukadaiyur. The group was handling coal through Karaikal Port and transporting it to cement factories in Ariyalur and Perambalur and other parts of the state. A sum of Rs 50 crore had been allotted by the Union Ministry of Surface Transport to widen and strengthen Perambalur-Thanjavur section of Perambalur-Manamadurai Road, the minister informed.

## Network expansion

## Schenker opens Nagpur office

**S**chenker India Pvt. Ltd., the international logistics service provider in India, opened a new office in Nagpur recently to serve the growing demand of freight & logistics services for exporters and importers in the West India region. Apart from its regular air/ocean freight, contract logistics services, Schenker India will cater to the needs of LCL customers in the Nagpur-Vidarbha region with customs bonded trucks (CBT) services. The services will be available to all industry verticals, with dedicated arrangements for specialised service requirement. The new office is located at 606, Wing B, 6th Floor Lokmat Bhavan, Plot No. 17 & 18 Ramdaspath, Nagpur and can be reached on phone at 91 (0)712-6464 624 / 6649 599.

**Direct ocean freight:** DB Schenker has announced four new weekly consolidation Less-than-Container-Load (LCL) services, reaching a total of 102 direct lanes from the South China region. The new DB SCHENKER combine services will include lanes directly from Guangzhou to major cities of Milan, Le Havre, Rotterdam and Felixstowe, developing a more comprehensive regional coverage for the group's LCL product.



## Call for ban

### Plea for 20 pc export tax on iron ore exports

To discourage the export of iron ore, the steel minister demands imposition of 20 per cent export tax with immediate effect and a ban on export as a long-term policy.

Union Steel Minister Virbhadra Singh has called for a complete ban on exports of iron ore and sought an immediate hike in the prevailing duty to 20 per cent as an interim relief to the domestic industry. "The steel ministry's considered view is a ban on iron ore exports than selling it at throwaway prices. We should conserve the precious minerals and export value-added products," Singh told reporters in New Delhi and sought the commodity for use in the domestic industry.

As an immediate step towards restricting exports, a "flat 20 per cent" duty should be levied on iron ore consignments shipped out of the country, Singh said. At present, export duty on iron ore fines is 5 per cent while it is 15 per cent on lumps.

Last month, the ministry had written to the finance ministry seeking duty hike on iron ore exports, besides raising the issue with the Prime Minister to contain rising prices and ease input cost of steel makers. Iron ore prices are currently hovering around US\$ 120 a tonne, up more than 50 per cent over the past year.

When pointed out that the mines ministry has a diametrically opposite view on exports, with minister BK Handique saying the country doesn't have the technology to consume fines, Singh said, "well, it could be

their view. We are in favour of a ban. A decision on this will be taken by the government."

Steel secretary Atul Chaturvedi, who was present on the occasion, said his ministry would raise the issue of banning iron ore exports at an eGoM meeting scheduled for July 22. A 10-member inter-ministerial panel headed by finance minister Pranab Mukherjee is scheduled to meet next week to debate on the proposed Mines and Mineral Development and Regulation Bill.

Chaturvedi further said there should be a deterrent on exports. "We want a deterrent, whether it be in the shape of complete ban on exports or increase in duty," he said.

Domestic production of iron ore stood at 230 million tonnes last fiscal out of which 106 million tonnes were shipped out. The 72-million-tonne domestic steel industry mainly consumes lumps, as it lacks the expensive finex technology required to refine the fines on the lines of China and others.

About 50 per cent of the iron ore produced in the country is exported and fines constitute 85 per cent of exports. -PTI

**Ban in Karnataka:** Meanwhile, a division bench of Karnataka high court had banned the export of iron ore

from Mangalore, Karwar and Belekeri ports till further orders. The state government had filed an affidavit in the High Court, duly confirming that export of ore has been banned as per the court directions.

According to district officials, the departments have been given strict instructions to stop the movement of ore trucks, and that clarification from the mines and geology department has been sought about the enforcement of ban on issuance of fresh permits.

## Panel's prediction

### Exports pegged at US\$ 216 billion

India's exports are projected to grow by about 22 per cent to US\$ 216 billion in the current fiscal on the back of recovery in global trade, the Prime Minister's Economic Advisory Council said. The PMEAC expects exports to overshoot the Commerce Ministry's target of US\$ 200 billion, which was set against US\$ 176.6 billion achieved in 2009-10. It projects merchandise exports to go further up to US\$ 254 billion in 2011-12.

## Highlights

- Growth to accelerate to 9 pc in 2011-12
- Farm sector to expand by 4.5 pc
- Inflation to moderate to 6.5 per cent by March end
- Exports to reach US\$ 216 billion
- Imports pegged at US\$ 354 billion
- FDI to touch US\$ 50 billion

## Quarter growth

### EU exports to India up 28 pc

Exports from the European Union to India have reportedly shot up by 28 per cent to €10.6 billion (about US\$13 billion) between January and April 2010, compared to € 8.3 billion in the corresponding period last year.

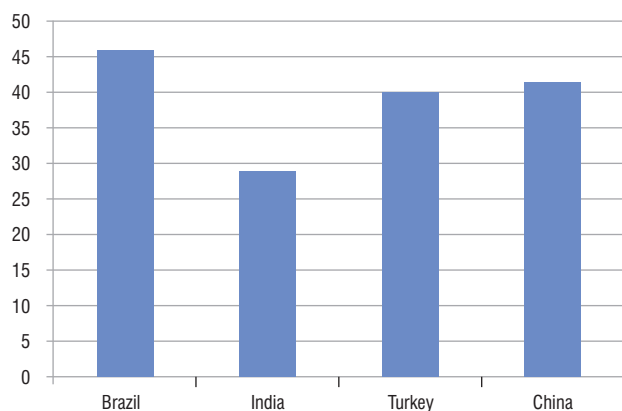
Exports from India to the 27-member EU increased by 18 per cent to € 10.7 billion in January-April 2010, compared to € 9.1 billion in the corresponding period last year, the EU's statistical agency Eurostat said.

EU trade with all its major partners grew in January-April 2010, compared with January-April 2009, except for imports from the US (-10 per cent).

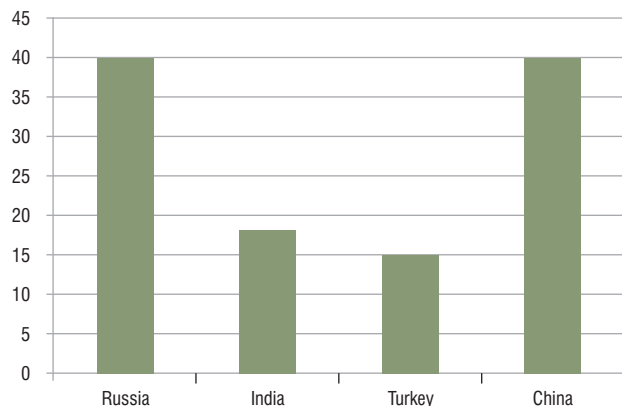
The most notable increases in percentage were recorded for exports to Brazil (46), China (43) and Turkey (40), and for imports from Russia (40), India (18) and Turkey (15).

Meanwhile, India's foreign direct investment in the EU increased to € 3.7 billion in 2008 from € 1 billion in 2007. EU investments in India dropped to € 3.3 billion in 2008 from € 4 billion in 2007, according to Eurostat figures.

#### EU Exports



#### EU Imports



## Pak-Afghan pact

### Wagah route banned for India

Pakistan and Afghanistan signed an agreement on all major issues related to transit trade which includes Pakistan restricting Afghan's land transit trade route to India. The two sides agreed that no Indian export to Afghanistan will be allowed through Wagah, however, Afghanistan would have the opportunity to export to India. Reciprocally, Pakistan would be able to export its goods to Central Asia through Afghanistan.

The note, signed by Commerce Minister Makhdoom Muhammad Amin Faheem, and Afghan Minister for Commerce and Industries Dr Anwarul Haq Ahady, mentions that trucks from Afghanistan would be allowed to carry Afghan transit export cargo on designated routes to Pakistani seaports, as well as the Wahga border. Afghan trucks, on return, will be permitted to carry goods from Pakistan to Afghanistan under the same expeditious procedures and conditions as Pakistani transport units. It was also decided that all Afghan transit goods would be exported in containers of international specifications.



## RBD Palmolein

### PEC to import 8,500 tonnes

State-run trading firm PEC has invited bids for import of 8,500 tonnes of RBD palmolein to be delivered between August and September.

The company said RBD palmolein should be imported from either Malaysia or Indonesia. The shipments of 5,000 tonnes should reach Chennai and the rest 3,500 tonnes at Tuticorin Port in Tamil Nadu between August and September.

RBD palmolein is refined, bleached and deodorised form of palm oil, which is extracted after crushing palm fruit. According to industry data, India imported a total of 42,282 tonnes of RBD palmolein last month. - PTI

## Innovation in Focus

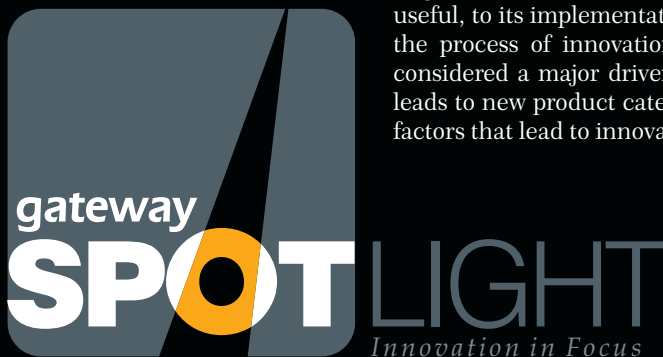
A change in the thought process for doing something or “new stuff that is made useful”. It may refer to an incremental, emergent or radical and revolutionary change in thinking, products, processes, or organisations. Contributors to the scholarly literature on innovation typically distinguish between invention – an idea made manifest – and innovation – an idea applied successfully in practice. In many fields, such as the arts, economics and government policy, something new must be substantially different to be innovative. In economics the change must increase customer value or producer value. The goal of innovation is positive change – to make someone or something better. Innovation leading to increased productivity is the fundamental source of increasing wealth in an economy.

**gateway SPOTLIGHT** is focussed on this innovative exercise and inventions in the study of economics, business, entrepreneurship, design, technology, sociology, and engineering. Colloquially, the word ‘Innovation’ is often synonymous with the output of the process. However, economists tend to focus on the process itself, from the origination of an idea to its transformation into something useful, to its implementation; and on the system within which the process of innovation unfolds. Since innovation is also considered a major driver of the economy, especially when it leads to new product categories or increasing productivity, the factors that lead to innovation are also considered to be critical to policy makers. In particular, followers of innovation stress using public policy to spur growth.

**gateway SPOTLIGHT** is keen to showcase the innovation of organisations in their products, services and processes to the final objective achieved from

their business. And those who are directly responsible for application of the innovation in their business are often called pioneers in their field, whether they are individuals or organisations.

**gateway SPOTLIGHT** acknowledges and recognises the innovation practised to have it disseminated to the business aspirants at large – the maritime gateway readers.



Presenting



**DP WORLD** in this series of **gateway SPOTLIGHT**.

# OPTIMISING ENERGY

**DP World**, the leader in international marine terminal operations, development and logistics, is driven by its leadership in innovation to ensure efficiency and expertise in its operations. The recent innovative practice of the company was to make the best use of the resources in hand such as water and electricity. As water is the life source, **DP World** experimented in harvesting rain water and making the optimum use of this secondary source for one of its functional units. It also tried out reducing power consumption in one of its terminals. These exercises in doing things differently not only minimised costs but also ensured better efficiency in the system. Here's a look at the innovative practices:

## The NSICT water harvesting project

**T**he rain water harvesting project was initiated at the Nhava Sheva International Container Terminal in Jawaharlal Nehru Port in Mumbai. As the average rainfall at the terminal is 1800 mm during the monsoon season from June to September, DP World decided to tap this source and put in place a pilot rain water harvesting project at the engineering workshop, using the catchment area of the workshop roof.

The catchment area of the workshop roof is 870 sq m. Assuming an average rainfall of 1800 mm and a typical collection efficiency of 60 per cent, as much as 940 cubic meters (940,000 litres) could be collected. As NSICT is built on reclaimed land, there is no possibility of using this water to recharge the groundwater, so collection and use was the only option open. So, DP World installed two tanks of 5,000 litres each, and connected the rain gutters of the workshop roof areas to these tanks. An old, disused pump was overhauled and used.

The water was first strained by coarse wire mesh screens in the rain gutters, after which it collected in the tanks. The bottom drains of the tanks were regularly opened to flush out any accumulated dirt. The water then passed through a strainer and a fine filter before the pump suction. It was then pumped up to the existing 6,000 litre storage tank on the workshop roof for use in the workshop, engineering office and washing.



*The layout of the tanks and the pumping system.*

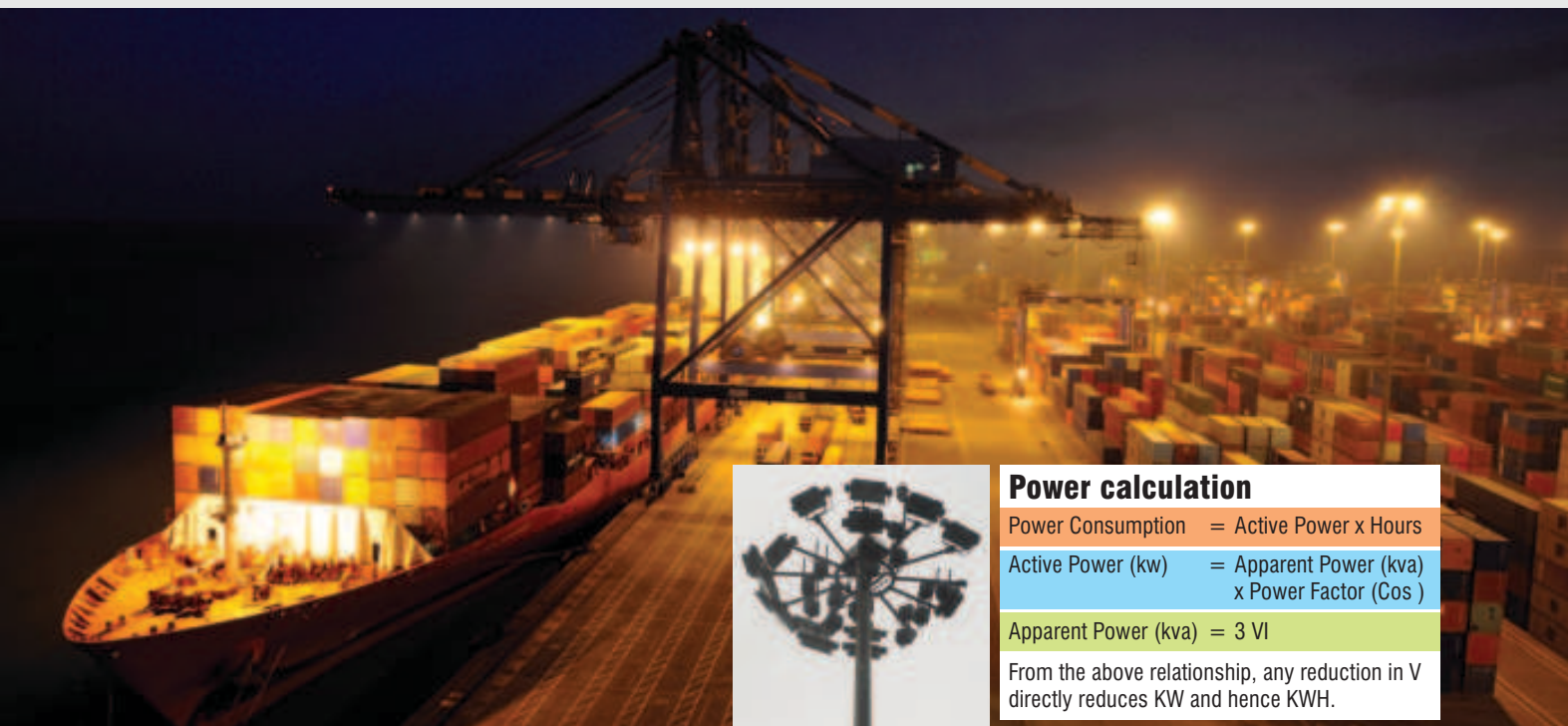
### What did it cost?

The tank valves and some pipes were purchased, and some civil work and realignment of drain pipes was required. All this was done at a cost of Rs 500,000. An old disused pump was reconditioned; the electrical panel and other parts were taken from scrapped or disused equipment.

### What next?

Once the system was tried out during the monsoon, and its efficiency assessed, DP World will embark on phase 2, which will include the following:

- Increasing the storage capacity
- Including the roofs of the canteen and office building in the catchment area
- Installing piping to use the harvested water for washing in the canteen, the office building, and transferring it to the main underground storage tanks.



### Power calculation

Power Consumption = Active Power x Hours

Active Power (kw) = Apparent Power (kva) x Power Factor (Cos )

Apparent Power (kva) = 3 VI

From the above relationship, any reduction in V directly reduces KW and hence KWH.

## Power optimisation on high-masts at MICT

As container terminals consume a lot of electricity for equipment handling and lighting system, DP World came out with an exercise to reduce power consumption of the floodlights in the terminal without compromising on the prescribed safe illumination level. The result was optimum use of energy and a lower power bill.

The voltage reduction method was adapted in Mundra International Container Terminal and supply voltage reduction was achieved by simply resetting the gTap position provided on the step-down transformer.

The terminal has 39 high masts with 987 fittings. Of them, 935 fittings have one 400-watt lamps and 52 fittings have 1000-watt lamps taking the total capacity to 413910 watts. While these lamps have a voltage operating range of 200 v to 250 v, they were operating on 233 v.

The terminal utilised the relationship between the supply voltage with the power consumption to optimize the power for a given illumination level. For instance, it reduced the input voltage from 233 v to 218 v thereby reducing the actual power consumption. The study was conducted on various options to ensure reduced energy cost. **ME**

**High-Mast at MICT** with 2x400 watt fittings

Tower height = 40 metre

Max lux value at Ops Zone = 50

### Measurement

Reduction in consumption

Pre change: Average Annual consumption on high-mast = 876,528 kwh

Giving Monthly consumption = 73,044 kwh

Post Change: Monthly consumption has come down to 66,663 kwh that would mean a drop by 6,381 kwh. Annual drop would amount to 76,572 kwh

Considering only the variable charge on state supply at Rs 6.53/- per kwh (Including fixed cost it is 7.2 / kwh)

Annual saving is at 76,572 X 6.53 = Rs 500,015.16 or US\$ 12,000

DP has considered only 66 per cent of the total lighting load for calculations, based on its actual consumption pattern. In those terminals which switch on 100 per cent of their connected lighting load, the saving will be much higher.

All transformers above 100 kva rating will, by design, carry this tap changer.

All terminals that are provided with dedicated lighting transformers can adapt this method to bring down their power consumption.

This method does not need any kind of investment.

The payback starts from the day the tap position is reduced.



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Nhava Sheva

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we are meeting the needs  
of world shipping, as one  
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Nhava Sheva International Container Terminal Pvt. Ltd  
Operations Centre  
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Website: [www.dpworld.com](http://www.dpworld.com)

## Agricultural Sector in India

Ranks second worldwide in farm output

Largest producer of fruits  
(with 10 per cent of world production)

Ranks first individually in:

- Bananas
- Mangoes
- Chiku

Second largest producer of vegetables (with 15 per cent of world production)

- Largest producer of dairy products (and has the largest cattle population)
- Largest in cashew nuts, coconuts, tea, ginger, turmeric & black pepper
- Second largest in wheat, rice, sugar, groundnut & inland fish
- Third largest in tobacco

But the irony is that the global share of Indian agro products is less than 2 per cent

Deficiencies in the current agro produce supply chain

- Numerous intermediaries
- High level of wastages
- Lack of transparency: prices, availability, demand and customer preferences
- Poor infrastructure: Roads, storage, packaging & transportation
- No cold chain or CA (controlled atmosphere)
- Poor on-farm practices in harvest and post-harvest handling
- Need for collection from numerous small farms
- Multiple handling without crating / palletising
- No traceability with regard to quality, hygiene or temperature abuse
- Wastages at various stages of distribution due to damages and rotting
- Price disparity between farmer and end consumer.

Cool Chain Logistics – Need of the hour

- With the right post-harvest preservation technology, perishing of fruits and vegetables could be controlled
- Removal of 'field heat' soon after harvesting prevents accelerated ripening
- Cool chain helps preserve the produce for longer periods with extended shelf life.

Cold Chain Logistics would help

- Reduce the number of intermediaries
- Build up economies of scale
- Consolidate retail outlets for better management
- Reduce costs by curtailing wastages
- Modernise production and communication using technology
- Ensure better price realisation to farmer due to enhanced quality
- Follow systematic distribution practices benefitting all temperature-controlled products
- Give fillip to the Indian economy

## Cold Chain Logistics

# The BIG Challenge

by **M C Roy**

The liberalisation policies of the government since early-90s have seen India emerge as a market-based economy from a highly regulated and protected one, making it one of the fastest growing economies in the world. The exponential growth in the retail sector in the recent years has resulted in growth which stifles the already inadequate infrastructure with the resultant effect that the cost advantage in production is lost due to high cost of storage and distribution besides wastage. Agriculture sector continues to be one of the worst affected in the process.



It may be noted that 72 per cent of the rural population is directly or indirectly dependent on agriculture and 42 per cent of geographical area in India is used for farm activity. In terms of direct employment, 60 per cent of the population is in the agricultural sector, 28 per cent in service sector and 12 per cent in the industrial sector. In contrast, as a share of GDP, while the service sector and the industrial sector account for 54 per cent and 29 per cent respectively, the farm sector is only 17 per cent.

### The challenge

It is estimated that the post-harvest loss accounts for nearly 30 per cent of production which is valued at



approximately Rs 30,000 crore (nearly US\$ 60 billion). As against the actual requirement of 31 million tonnes of cold storage capacity, India currently has an installed capacity of only 21 million tonnes.

The major bottleneck is lack of infrastructure. The desired result cannot be achieved without good roads. Efficient use of railway, inland waterways and coastal shipping is also essential. Equally important is investment in technology. Capacity building is required in controlled atmosphere and refrigerated transportation. Seaports and airports have to be geared to handle a seamless flow of export and import without any hindrance, with fast track systems and procedures in place for perishable goods.

Thus, there exists huge market potential for cold chain logistics providers to enter this uncharted territory of agriculture. **MG**



**M C Roy** is the managing director of D2D Logistics Pvt Ltd and is responsible for setting up, developing and establishing Hyundai Merchant Marine Agency network in South India.



*N Ramachandran, Chairman, Cochin Port Trust*

# Riding the Transshipment Wave

Cochin Port is on the verge of a quantum leap in the Indian maritime history. With the International Container Transshipment Terminal set to commence operations shortly, the port administration is rather ecstatic on how things are unfolding. **Maritime Gateway** catches up with **N Ramachandran**, chairman, Cochin Port Trust, for a quick talk on ICTT and other port facilities that are coming up. Excerpts:

**Q: The year 2009-10 had been an eventful year for Cochin Port Trust. How do you reflect on the activities of your port?**

Cochin Port had an all time high cargo throughput of 17.43 MMT in 2009-10, which registered a growth of 12.5 per cent over the throughput of 2008-09. The growth in containerised traffic has also been commendable at 11 per cent over the period. The port's growth has been one of the highest among other major ports of India.

Cochin Port hosted 45 cruise ships on international calls which is the highest among

all Indian major ports. Cochin also homeported the cruise vessel *MV Aquamarine* of Louis Cruises. *MV Aida Cara*, a German cruise vessel, had turnaround of passengers at Cochin during the last year.

Cochin Port implemented a SAP-based ERP system towards achieving efficiency, speed, accuracy and transparency by establishing an online real-time interface with the customers and the regulatory agencies. Incidentally, Cochin is also India's first e-port.

Connectivity, both rail and road, has been established to ICTT, and the terminal is ready for operation within a short period.

The construction of the Ro-Ro Terminal providing inland waterway connectivity to ICTT via Bolghatty, and to Willingdon Island has been completed.

**Q: What is your comment on the proposed corporatisation of major ports? Will it have any negative impact on the port operations?**

Corporatisation of ports would provide the much needed autonomy and speed in decision making. Also, modern financial accounting practices would facilitate better financial management of ports. This would provide better fiscal health and add flexibility to port operations.

**Q: What impact will the international container transshipment terminal (ICTT) have on the trade? How will Cochin Port stand to gain from ICTT?**

The International Container Transshipment Terminal (ICTT), Vallarpadam has been set up with the promise of developing Cochin as a Transshipment Hub for national and international cargo. The ICTT is India's first container transshipment terminal, and promises to offer huge time and cost savings to India's exim trade. The savings could be US\$ 250-300 per TEU in terms of cost and 7-10 days of time. The ICTT is expected to transform Cochin from being a feeder port to a Transshipment Hub port. The robust road and rail networks provide the terminal with excellent hinterland connectivity, which could extend not only to south India but also to other parts of the country, which in turn considerably increases the cargo potential.

The ICTT which offers competitive marine charges for mainline container vessels and terminal handling charges for transshipment containers vis-à-vis the international transshipment ports in the South/Southeast Asia region is expected to attract considerable traffic. The terminal operator M/s. IGTPPL has projected the container volumes for

**The ICTT is India's first container transshipment terminal, and promises to offer huge time and cost savings to India's exim trade. The savings could be US\$ 250-300 per TEU in terms of cost and 7-10 days of time.**

the years 2010, 2011 and 2012 at 400,000, 600,000 and 900,000 TEU respectively. The number of mainline vessel calls projected is in the range of 150 in 2010 to 450 in 2012 on the premise that a few major shipping lines will call their mainline services at Cochin. The incremental earnings to Cochin Port on account of the marine charges and royalty on account of additional container volumes as per the above projection are Rs 28 crores, Rs 66 crores and Rs117 crores for the years 2010, 2011 and 2012 respectively.

**Q: What are the reasons for the long delay in commencing operations at the ICTT?**

The ICTT has been envisaged with the promise of developing Cochin as the Transshipment Hub for national and international cargo offering huge savings in foreign exchange to the Indian exim trade and considerable reduction in time delays. The biggest project of Cochin Port, ICTT, had its own share of problems primarily related to the delay in clearance and delays associated with acquisition of land. However, as on date, the connectivity, both rail and road has been established and the terminal is ready for operation within a short period.

**Q: Coastal shipping will increase with ICTT commencing operations. Is Cochin Port ready to accommodate this surge in traffic? Are there any dedicated infrastructure facilities for this traffic?**

The ICTT will be catering to both coastal and exim containers. Also, the terminal is being developed as a Transshipment Hub for national and international cargo. The ICTT will be operating as an efficient distribution centre for cargo originating from and destined to India for foreign locations.

**Q: What is your take on the cruise shipping at Cochin Port? How do you plan to revive cruise shipping at Cochin Port after**





### the fiasco of Louis Cruises?

Cochin Port hosted 45 cruise ships on international calls in 2009-10 which is the highest among all Indian major ports. The port is also developing a full-fledged international cruise terminal cum public plaza for which the proposal is under process for implementation of the project on BOT basis.

**Q: Apart from ICTT, Cochin Port is expanding in many ways. Please tell us about the status of the development of Puthuvypeen Port-based SEZ and the LNG terminal that is coming up there?**

LNG re-gasification terminal is in the process of being set up in the SEZ. The project with an initial capacity of 2.5 MMT per annum expandable to 5 MMT per annum, is being implemented by M/s. Petronet LNG Ltd.(PLL) in the port-based SEZ at Puthuvypeen. The total cost of the comprehensive LNG Project is around Rs 3,500 crores. The project is scheduled for commissioning in the first quarter of 2012. Construction of storage tanks for LNG has been completed and the work on re-gasification facility and marine facility is in progress. Also, firms have been short-listed for time charter of two LNG tankers of 1,65,000 to 1,75,000 cubic metre capacity for carriage of LNG.

Projects like bunkering terminal, distribution park including free trade warehousing and process industries have been proposed in these

Projects like bunkering terminal, distribution park including free trade warehousing and process industries have been proposed in the SEZs.

SEZs. The port is currently establishing the infrastructure and amenities for the zone. The Kerala State Electricity Regulatory Commission has granted distribution licence to CoPT for retail distribution of power to units being set up at the port-based SEZs at Vallarpadam and Puthuvypeen.

**Q: Could you tell us more on the bunkering terminal coming up at the port?**

The RFQs for development of the multi-user liquid terminal on DBFOT basis at Puthuvypeen SEZ at an estimated cost of Rs 122.45 crores (excluding financing cost) have been received and five applicants were short listed. The memorandum for PPPAC clearance and the proposal for security clearance have been submitted to the ministry. With respect to the environmental clearance for the project, the MoE&F has finalised the Terms of Reference for the EIA studies for which action has been initiated.

**Q: How true it is that the dredging activities in the port are causing coastal erosion in the nearby vicinity? What are the measures being taken to address this issue?**

The matter is under study by a committee consisting of a representative of Cochin Port Trust, National Institute of Oceanography and the State Ports Department. **MG**



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With the export / import trade growing at a steady pace, the scope for the containerisation of goods is also increasing at a rapid pace. The LCL consolidation business is set to thrive on this growth as the small and medium-sized enterprises, who form a major part of Indian exports, are increasingly adapting to the containerisation of goods. Nevertheless, LCL consolidation as a business segment is largely unorganised and needs government intervention in the form of process standardisation to protect the interests of the shippers.

by *Jagadeesh Napa*



# LUCRATIVE LCL

A pharmaceutical exporter based in an industrial hub in the NCR region was doing excellent business in its export markets based in the US. Prior to 2008, the company used to export full container loads and the business was thriving. But with the global recession, the company's business was severely affected as its export customers were in no position to buy the volumes. With the business falling sharply, the company trained its guns on controlling costs and exporting lesser volumes. With the demand coming down, it started exporting smaller shipments as less-than-container loads. Compared to the full container load, this proved to



## Top consolidators in India

Allcargo Global Logistics Pvt. Ltd.

DHL Global Forwarding India

LCL Logistix (INDIA) Pvt Ltd.

Damco

Schenker India

Albatross Shipping Pvt. Ltd.

Eagle Maritime Pvt Ltd.

in relation to clearance of cargo are completed by the importers at the ICD/CFS.

However, as the sealed containers were not allowed to be opened at gateway ports, they were opened at hub ports like Colombo, Dubai and Singapore and re-sorted destination-wise and resealed for specific destinations. This had led to extra costs for the shippers for these services at foreign hub ports. With rising demand from the shippers and shipping lines for reworking the containers at Indian gateway ports, the government in 2000 laid out a procedure for reworking of LCL containers at gateway ports.

This had considerably eased the costs for shippers and allowed the shipping lines to reopen the LCL containers at the gateway ports and rework, regroup and stuff the shipments destination-wise. Similarly, LCL import cargoes that arrive at a gateway port are brought to a CFS near the port where they are regrouped and stuffed ICD wise. At the core, exporters and importers stand to benefit through this in terms of reduced freight and handling charges, reduced transit time and safer delivery of cargo.

### Intricacies

On the other side of the coin, LCL consolidation in India has been a very profitable proposition for the service providers. This is a low-capital business with low-entry barriers and attractive returns. There were only a few LCL service providers a decade ago. But with the growing container volumes, the last ten years saw an explosive growth in the number of service providers, resulting in increased competition. Yet, the industry remained highly unorganised with only a handful of players conducting business in an organised manner.

An important factor for the LCL consolidators to remain profitable in their operations in the long term is that they should have a strong global footprint. "It is very important to

be more economical (given the lower volumes) for the exporter in the testing times of recession.

As it became evident later, this was not a single isolated case. In fact, many exporters who had been doing FCL in the pre-recession times have resorted to less-than-container load shipments. This benefitted them in reducing the immediate upfront costs.

Less-than-container load or LCL as it is commonly known has been the saving grace for container volumes during the recession. This was evident from trade figures that showed that the drop in LCL volumes was relatively lesser compared to the overall drop in container volumes.

### Overview

LCL consolidation in India picked up pace with the establishment of ICD/CFS infrastructure in the hinterland. Through LCL, exporters and importers have the option of getting their consignments cleared either at the gateway ports or at the inland container depots located in the hinterland. Export goods once cleared by the customs at an ICD are sent to gateway ports in sealed containers and such goods are usually exported without further physical examination at the gateway ports. Similarly, imported cargo bound for an ICD/CFS is allowed to be transhipped in sealed containers from the gateway ports to such ICD/CFS and all customs formalities



“Through multi-city consolidation services, Allcargo is helping customers in the hinterlands in their businesses. But at a broader plane, the industry does not have process standardisation and government intervention to this effect is very much required to protect the interests of the customers. Categorisation of cargo and ensuring strict rules for licensing of hazardous-cargo handling in the best interest of environment is the need of the hour.

**Shashi Kiran Shetty**  
Chairman and Managing Director  
Allcargo Global Logistics

have an in-house global network that can handle customers' cargo with utmost care instead of appointing third-party agents at destination by local players. DHL's in-house systems and global network enables the control of cargo flow, information flow, speed, accuracy, cost-efficiency and reliability,” says Sanjay Tejwani, Director – Oceanfreight, DHL Global Forwarding India. “As a global leader in LCL, DHL carries more than 97 per cent of its total volumes in-house,” asserts Tejwani.

Shashi Kiran Shetty, CMD of Allcargo Global Logistics, the largest LCL consolidator in India, too feels that a strong global network is essential to sustain in this market. “Allcargo group today operates across the globe through its 140 own offices and a network of more than 190 franchisees and agents. Due to this strong network and high volume, our direct services both in exports and imports (highest in industry) are more frequent than competition for almost all geographies,” says Shetty.

It is also critical for the consolidators to make use of the quality infrastructure for their operations to avoid cargo damage and pilferage. Shipment visibility is also extremely important until the cargo is delivered to the consignee. With increasing competition, it is essential for the LCL consolidators to offer quality service to their customers, which includes door-to-door service and Customs clearance.

Most often, the users of LCL services are small and medium-sized enterprises with very limited resources on the logistics front. Such customers have neither time nor people to engage in different processes like Customs clearance and physical tracking of shipments. SMEs mostly prefer to have single-vendor operations wherein a single vendor takes care of the entire LCL operations rather than multiple vendors for different processes. Therefore, it is highly critical for the consolidator to offer the entire range of services backed by a strong network.

Commenting on this, Shetty states, “We have maintained the highest quality of service for all our customers. Customer satisfaction is our highest priority. Our team is focussed to constantly employ methods to gain new customers, while retaining existing ones.”

Tejwani too asserts that DHL's LCL service offers a complete end-to-end supply chain management that includes pick-up at origin, consolidation and deconsolidation, delivery at destination and Customs clearance. “All LCL services are accompanied by our IT solutions such as Track & Trace and other tools to allow full visibility throughout the whole supply chain,” he adds.

LCL consolidation, as an industry segment, is today characterised by fragmentation and lack of a proper

### DHL's direct LCL Service from Nhava Sheva to Los Angeles

DHL announced in July the launch of its new direct LCL service from Nhava Sheva, India to Los Angeles, USA. Operated by Danmar Lines, DHL's in-house carrier, the new service will facilitate trade between India and the USA and offers customers reliable and cost-effective services with a reduced transit time of 26 days between the two ports.

“The launch of this direct LCL route connecting Nhava Sheva to Los Angeles will further facilitate foreign trade between the two countries and support the growing needs of small and medium enterprises. This service will enhance the strong global connectivity offered by DHL's extensive LCL network and will help customers expand and strengthen their supply chain in the India-USA trade lane,” said Amadou Diallo, Chief Executive Officer, South Asia Pacific, DHL Global Forwarding.”

Christoph Remund, Chief Executive Officer, DHL Lemuir Logistics Pvt. Ltd., added, “The launch of DHL's new LCL service from Nhava Sheva to Los Angeles is strategically planned in time to meet the growth of foreign trade amidst the global economic recovery. DHL dedicates substantial resources to continue developing and maintaining highly effective services that include traditional LCL services and multi-vendor buyers' consolidations for shipments sourced from single and multiple countries.”

governing body. The increasing competition among consolidators is only making matters worse. As this is a low-capital industry with low-entry barriers, new consolidators are springing up by the day. But, ultimately, it is those companies which have strong global network with a majority of own offices will thrive in the long run.

### Issues

There is an issue of cargo detention at foreign ports on grounds of security concerns. This may at times lead to detaining the containers at port for as long as 7 to 10 days. The detention may be on grounds of improper furnishing of documents related to security aspects. This is especially true with US and European ports. Such documents include advance cargo declaration, declaration under the Bioterrorism Act and supply chain compliances under the Customs Trade Partnership Against Terrorism (CTPAT), a voluntary initiative led by US Customs and Border Protection.

S V Divvaakar, Managing Director, of New Delhi-based consulting firm Ace Global Pvt. Ltd. says that such issues of cargo detention at foreign ports are faced mostly by the exporters of food/agriculture products, handicrafts and to a lesser extent by the textile/clothing exporters. "Such issues are more often seen in case of LCL shipments and transshipment cargoes," Divvaakar says.

Most of the time, during such detentions, there is a lack of clarity on the part of the authorities in giving reasons for detention. Divvaakar says that dissemination of regulations and procedures is many a time inadequate. Also, there is a lack of confirmatory procedures and discretionary actions are used in disposal of detained containers. From the shippers' perspective, all this is leading to higher costs and transit delays at the end of the day. Exporters feel that the cost of complying with such security initiatives is also high.

If things are looked at more keenly, it becomes evident that such issues of improper documentation arise with exporters who have contracted unorganised consolidators for their shipments. Organised players' strict compliance with rules and procedures for proper documentation has always ensured faster clearance at foreign ports. Shetty says it is not commercially viable for an LCL consolidator as the costs associated with such detention have to be borne by the consolidator. "LCL operators try to clear the shipment and deliver to consignee as soon as box arrives at discharge port to avoid ground rent and other related charges attached with holding /detaining of any shipment. We, at Allcargo, align our logistics in PoD side to have always on-time delivery to ensure highest customer satisfaction," he says.

### Way ahead

Looking forward, LCL like other industry segments in logistics contributes immensely to the exim trade and the economy. The US and Europe are India's biggest trading partners on the exports and China is India's biggest trading partner on the imports. The US is India's second largest export partner and third largest import partner. Africa and Latin America markets are growing very fast and India's trade with these markets is growing significantly. Hence, a lot of potential is in store for the container trade in the years to come. As a large chunk of Indian exports comes from the SME sector, the business potential for LCL consolidation is huge.

It is therefore prudent for the government to recognise logistics as an industry along with all the segments like transportation, LCL/FCL, ICD/CFS, warehousing and other 3PL services. Specifically, in LCL, process standardisation has to be brought in through government intervention in order to protect the interests of exporters and importers, who are mostly small and medium enterprises – the backbone of Indian economy. **MG**



“DHL recently launched an LCL consolidation weekly service from Cochin to Colombo, and with the introduction of the new direct LCL service from Nhava Sheva to Los Angeles, we have further strengthened our network and ocean freight service offerings to support the needs of our customers. To offer cost-effective and innovative solutions to customers, we are constantly looking for opportunities to extend our LCL service offerings while contributing to the thriving Indian economy

**Sanjay Tejwani**  
Director – Oceanfreight  
DHL Global  
Forwarding India

”



# Boxships Go to Greece & China

It is time to act, believe shipping lines as the global container business shows signs of a rebound. Greece and China are the early birds to wake up to the action of acquisitions.

by **Radhika Rani G**





Photo Courtesy: APM

**T**he financial crisis has spurred several unusual practices in the global container shipping industry.

If it has encouraged more shipping firms to form consortia, diversify their portfolios and adopt super-slow steaming as a way to sustain the meltdown, it has impacted the profile of containership owners by helping more non-traditional owners enter the market and cash in on the opportunity.

As per industry reports, the sales and purchase (S&P) market during the last 18 months has been dominated by Greek and Chinese buyers. Alphaliner statistics show that Greek buyers accounted for 35 per cent of the S&P market and China for 50 per cent of the capacity transacted since January 29.

The activity has picked up since November last year, with 18 transactions on average per month, double the average volume recorded in the previous 10 months. On the seller's side, German and Japanese owners were the most active, accounting for 45 per cent and 50 per cent of the capacity disposed of during the period, according to Alphaliner data.

#### **German deals**

Greek owners hold nearly 17 per cent of the world's fleet but account for only about 5 per cent of the container ships. However, as German shipowners, who own the majority of container ships that are chartered to shipping lines, wait to enter the container shipbuilding market in the crisis, Greece's cash-rich shipowners are buying container ships either directly from them or from shipyards.

According to reports, all the Greek transactions involve German owners. So, it is a case of win-win for both. But why are Greek shipowners financially sound? Because, say experts, of the strong performance of the dry bulk and tanker sectors that they specialise in.

For instance, Paragon Shipping, the

Athens-based international shipping company that specialises in the transportation of dry bulk cargoes, has entered into agreements with German shipbuilder Howardtweke-Deutsche Werft GmbH for acquiring two 3,400 TEU newly-built containerships at a cost of € 40 million per vessel. Paragon, which has a fleet of 21 vessels so far, is likely to take the new deliveries between July and August 2010. It has also sold one of its newbuilding contract for Kamsarmax bulk carrier (a 82,000-dwt Panamax).

Commenting on its prospects in the container market, Paragon's Chairman and CEO Michael Bodouroglou says, "We were able to sell the Kamsarmax contract at a one-time cash profit and we believe the acquisition of the container vessels were made at attractive prices at an advantageous point in the container cycle." On his immediate plans, Bodouroglou adds, "We intend to continue seeking accretive acquisitions in the container and drybulk sectors."

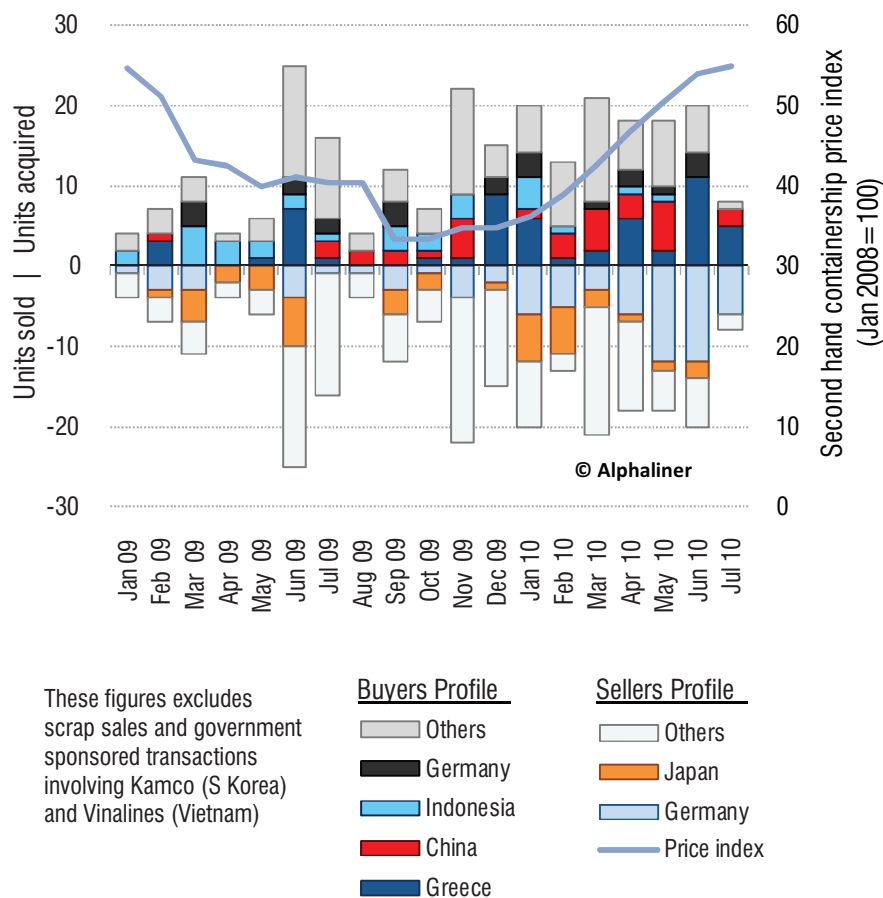
#### **Timely investment**

As freight rates start to recover, several more companies are strengthening their prospects of getting high investment returns and maximising shareholder value.

Among the Greek companies that have announced purchase of ships are Athens-based New York-listed dry bulk operator Diana Shipping, which is buying a pair of container ships for € 37.3 million each from the Blohm and Voss Shipyard in Emden, northern Germany. Yet another firm, the London-listed Goldenport Holdings, also based in Athens, is seeking US\$ 35 million extra capital to buy four container ships. Evangelos Marinakis, CEO of Crude Carriers Corp., a tanker company, has bought two new container ships earlier this year and is "optimistic about the future of the container trade."

Interestingly, second-hand sales prices too have picked up from the

## Containership sales & purchase transactions by month 2009-2010



lows in the third quarter of last year, rising by 65 per cent since October as buyers started anticipating recovery in the sector. However, the prices of second-hand boxships are still below the peak levels seen in 2008. The second-hand sales index currently stands at 55 points, up from 33 in October last but still far from the 100 it recorded in January 2008.

As the number of idle containerships comes down and the charter rates and funding levels go up, it is the best bargain time for the shipping community. Meanwhile, the share of the world's idle boxships has fallen to a remarkable 2 per cent, down from 11.6 per cent at the start of the year. This translates to 150 vessels with a nominal capacity of 274,000 TEU. In the midst of these developments, the prevalence of distress sales too has come down, experts point out.

### Asian scenario

Korea, the leader in shipbuilding, is surging ahead with more orders as container lines take advantage of lower vessel prices. There couldn't be a better time to invest, say experts. The timing makes sense as shipping lines that order now can pay less for new vessels than just wait and watch.

Neptune Orient Lines Ltd., owner of Asia's largest container shipping line, has recently signed a US\$ 1.2 billion order for 12 container vessels with Daewoo Shipbuilding & Marine Engineering Co., the world's second-largest shipbuilder.

Daewoo will build 10 vessels of 8,400-TEU capacity besides two more ships with a capacity of 10,700 boxes apiece. It has also recently made inroads into the African market by

winning an order for the largest ferry in the world, from Tunisia's state-run Compagnie Tunisienne de Navigation, or Cotunav, worth US\$ 262.3 million.

The Evergreen Group of Taiwan ordered 10 container vessels from Samsung Heavy, the world's No. 3 shipyard, for US\$ 1.03 billion recently. Upbeat on acquisition, Evergreen Marine Chairman Chang Yung-fa is keen to spend more than US\$ 5 billion to take his current fleet of 81 to 100.

Reeling from a two-year slump in orders, STX Group too is optimistic of more activity. Following French President Nicolas Sarkozy visit to its French subsidiary Saint-Nazaire shipyard recently and his promise of US\$ 45.5-billion government support for the yard's growth, STX hopes to get more orders like the 21,000-tonne helicopter carrier order that it won from the French government during the recession.

China's Seaspan Corporation has recently acquired its 11th delivery in 2010, an 8,500-TEU containership COSCO Indonesia from Hyundai Heavy Industries Co., taking its fleet to 53. As the company owns containerships and caters to long-term fixed-rate charters, the present market condition, it says, is conducive for expansion. Sixteen more containerships are to be delivered over the next 22 months and are already committed to long-term time charters averaging nearly 12 years in duration from delivery.

The state-owned company China State Shipbuilding Corp. too reportedly won orders of about 40 million deadweight tonne through the year 2012.

With the container market in the early stages of a rebound and shipping lines diversifying their portfolio, one hopes the new orders get employment, at least on fixed-rate period charter, a strategy that has turned out to be profitable for several shipping lines and even their shareholders. [ME](#)

# Orissa Rises on Rail

The East Coast Railway (ECoR) is catalysing Orissa's industrial growth. The zonal railway is expected to play a vital role in the near future as the mineral-rich state of east India draws plans for large-scale investment from potential mineral-based industries.

A **Maritime Gateway** Report.

With the enhanced traffic volumes projected to be handled by Paradip Port, the sole major port in the state connected by the railway, ECoR is expected to witness unprecedented growth in the coming years. The railway is expected to play a major role in development of Dhamra and Gopalpur ports as well. ECoR is also planning to provide rail connectivity to the greenfield port of Astaranga, which is being developed by the state.

The East Coast Railway was carved from South Eastern Railway during the year 1997. According to A K Vohra, General Manager, EcoR, "the zonal railway was created with a broader perspective to leverage the industrial growth of the state and to

cater to the mammoth traffic volumes of the ports located in the state." The role of the railway would attain further importance as Vizag and Gangavaram ports have set high targets for handling traffic volumes, Vohra adds.

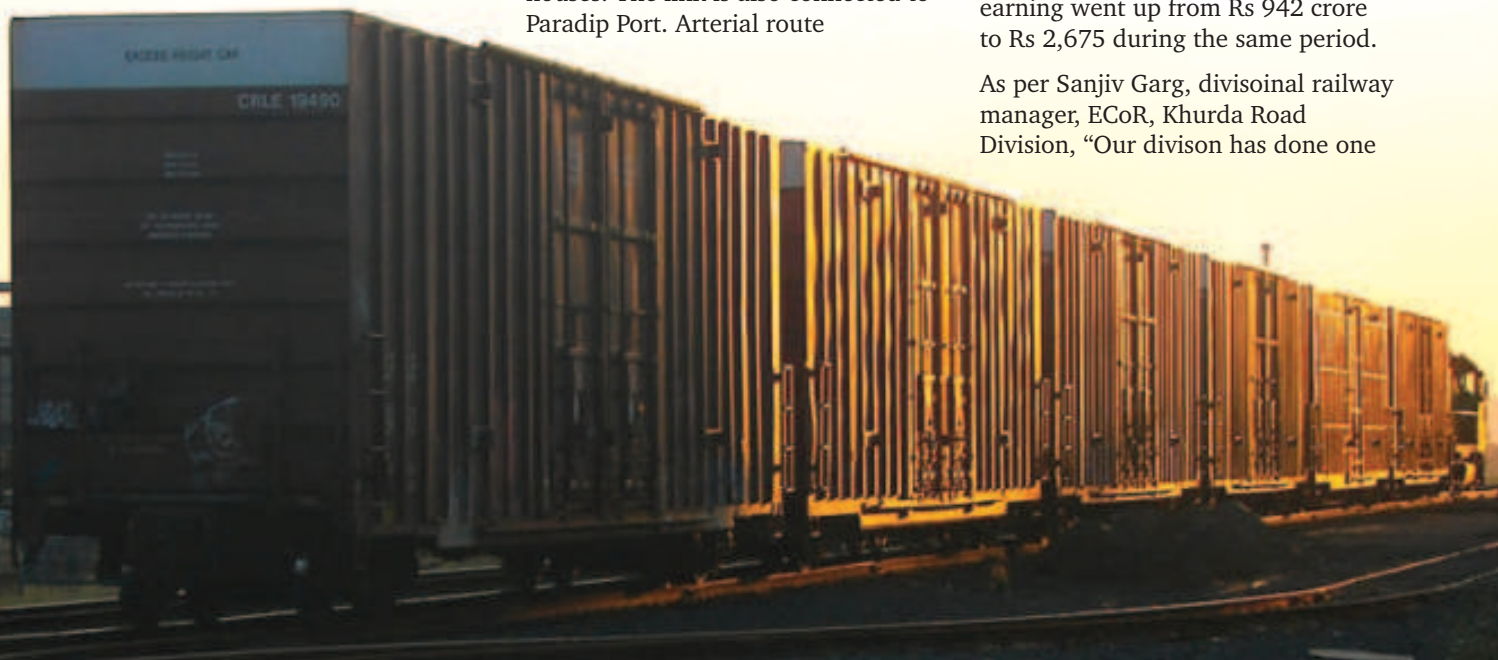
Located on the golden quadrilateral link of Howrah-Chennai main line, ECoR has a total route length of 1,280 km. It starts from Bhadrak in Orissa on the north, running parallel to the coast line, upto Palasa in the South in Andhra Pradesh. Connected to this trunk line are the arterial routes of Cuttack-Paradip section that connect the port of Paradip with Khurda Road. Barang-Rajathgarh-Talcher-Angul route links the coal belt of Talcher to various power houses. The link is also connected to Paradip Port. Arterial route

connecting the trunk line also includes Jakhapura-Kendurjargarh-Nayagarh-Banspani line connecting the iron ore belt and the steel hub of Kalinga Nagar in Orissa.

## **Khurda Road: Major freight loading division**

The EcoR Railway consists of Khurda Road, Sambalpur and Waltair divisions. Among the divisions, Khurda Road occupies the prominent position in the league of major freight loading divisions. Led by the fast pace of growth in mineral-based industry in the state, the division has seen quantum jump in cargo loading. It registered a growth in freight traffic from 25.8 million tonnes during 2001-02 to 54.79 million tonnes during 2009-10. While goods earning went up from Rs 942 crore to Rs 2,675 during the same period.

As per Sanjiv Garg, divisional railway manager, ECoR, Khurda Road Division, "Our division has done one





of the highest rake loading during 2009-10 compared to other freight loading zones of Indian Railways.” He informs, “A high of 8,807 rakes were loaded at Talcher, 4,795 rakes at Paradip Port and 1,282 rakes at stations in Nayagarh-Jakhapura section. On an average 40-45 rakes are loaded daily, out of which 18-20 are BOXN wagons, 18-20 BOBRN wagons, 3.5-4 are BCN and 0.5 are for container rakes.”

Besides the loading points of Paradip and Talcher, other stations of the mineral-rich Nayagarh-Jakhapura line also contribute towards the loading of Khurda Road division of ECoR. During 2009-10, 439 rakes were loaded at Nayagarh, 51 rakes at Porjanpur, 40 rakes at Goaldih, 157 rakes at Kendujhargarh, 120 rakes at Daitari, 76 rakes at Tomka, 145 rakes at Sukinda, 251 rakes at Neelachal Ispat Nigam siding and 3 rakes at Jakhapura. Kendujhargarh, Nayagarh, Porjanpur and Goaldih are the major iron ore loading points in Jakhapur-Banspani line under Khurda Road.

However, it is Talcher that is the prime cargo loading point for Khurda Road division. As per Garg, “it is the major coal loading point of the division and commands the status of being the ‘biggest coal loading point served from one station’ in whole of Asia.” Talcher area consists of nine coal loading sidings of Mahanadi Coal Fields. Coal from the sidings gets transported to the thermal power plants of NTPC at Talcher and Kaniha and other power houses of South India via rail routes and sea routes through Paradip Port (via coastal shipping). Talcher also supplies coal to the steel plants of

### A Few Serving Stations & Sidings by Khurda Road Division

| SL. No. | KHURDA ROAD DIVISION | ALFA CODE | NUMERICAL CODE | RAKE HANDLING CAPACITY | COMMODITIES                              |          |
|---------|----------------------|-----------|----------------|------------------------|------------------------------------------|----------|
| 1       | Talcher              | TLHR      | 12121426       | FULL                   | Coal                                     | CGS/SM   |
| 2       | Paradip              | PRDP      | 12121488       | FULL                   | Imported coal, Fertilizer POL/ HSD / SKO | CGS SM   |
| 3       | Budhapank (NALCO)    | BDPK      | 12121491       | FULL                   | Aluminum, Hard coke                      | CGS      |
| 4       | Daitari              | DATR      | 12121005       | FULL                   | Iron- ore                                | SM       |
| 5       | Tomka                | TMKA      | 12121000       | FULL                   |                                          | CGS / SM |
| 6       | Sukinda/ NINL        | NINS      | 12121006       | FULL                   | ChromeOre, Pyroximite Granulated Slag    | CGS / SM |
| 7       | Jajpur Keonjhar Road | JKKR      | 12121407       | FULL                   | Chrome Ore, Salt, Food grains, Cement    | CGS / SM |
| 8       | Kenduapada           | KED       | 12121403       | FULL                   | Chrome Ore                               | CGS / SM |
| 9       | Jakhapura            | JKPR      | 12121408       | FULL                   | Iron Ore                                 | CGS / SM |
| 10      | Ganjam               | GAM       | 12121460       | HALF                   | Caustic Soda                             | CGS / SM |
| 11      | Chattrapura          | CAP       | 12121462       | FULL                   | Illuminate sand                          | CGS / SM |
| 12      | Dhanmandal           | DNM       | 12121412       | FULL                   | Fertilizer                               | CGS / SM |

Source: East Coast Railway

Rourkela belonging to Steel Authority of India Limited and Vizag belonging to Rashtriya Ispat Nigam Limited. It also supplies coal to captive power plants as well as other industries located in different parts of the country.

Paradip railway station serves the Port of Paradip under Khurda Road division and the industrial hub located at Paradip. Paradip Port Trust loads outward traffic by rail consisting of coke, cement clinker, gypsum, manganese ore and limestone, while there is also inward rail traffic of coal and iron ore from Paradip. Paradip Phosphate loads gypsum and fertiliser traffic, while IFFCO offers outward fertiliser traffic. Urea loading by India Potassium has also picked up in recent times.

Khurda Road division has a total network spanning 830 km, with single line of 234 km and double consisting of 595 km. The division is mostly electrified except for the 130.8 km length of Tomka-Nayagarh section. Freight loading at Khurda Road division is mostly done through

release of inward rakes, while around 15 per cent of loading is done through empties received at Palasa from Waltair division and at Angul from Sambalpur division.

Having a wide route network, Khurda Road division has large number of industries in its jurisdiction. Prominent among the industries are Nilachal Ispat Nigam Limited, Jindal Steel Limited, Bhusan Steel, Visa Steel, MESCO Steel, Orissa Cement Limited, Maheshwari Ispat, Maithan Ispat, National Aluminium Company Limited, Indian Metals & Ferro Alloys, IFFCO, Paradeep Phosphates, Indian Oil Corporation, Hindustan Petroleum Limited, and two power houses of National Thermal Power Corporation with a capacity of 3,000 MW and 440 MW.

### Emerging scenario on the rail front

With industrial activities gaining further ground in Orissa, freight traffic is expected to grow in the division. As per traffic projections made by ECoR, originating freight on the division would soon cross 75

million tonnes from the present 5 million tonnes. It is expected to attain a figure of 100 million tonnes by the year 2015.

However, constraints in terms of wagon shortage and route saturation, estimated to be as high as almost 150 percent in certain loading sections may deter the division under ECoR to attain the targeted projection.

As per Sanjiv Garg, "Most of our rakes ply on close circuit, therefore mobility of rakes in the circuits can be closely monitored to sustain steady supply of rakes for loading. This should not make wagon availability difficult to cater to growing traffic volumes. However, since rake loading capacity is full at all our loading points (see chart for details), we are encouraging users to procure wagons through wagon investment scheme for ready availability of wagons in case of shortage."

Further, the railways have initiated to increase its wagon pool, Garg says. "This is expected to cater our growing traffic requirements in near future. However, we have kept a reserved indent of 60 BOXN rakes and 40 BOBRN rakes at our pool. While 80 electric and 40 diesel loco are also kept reserved. The rolling stocks can be made available at any point of time based on requirement," he adds.

There are instances of large-scale wagon detention at SAIL's steel plants. Wagon detention has been also taking place at Paradip Port with reported increase in time in coal loading. However, Garg informs that there have been improvements in coal loading at Paradip Port and it is expected to improve through the initiative of the port.

Improvements in wagon detention are likely to create freight handling capacity. However, ECoR is also

banking on enhancement of route capacity on Khurda Road division through laying new lines, doubling, electrification etc. Rail Vikas Nigam Limited is constructing a new 100-km Angul-Sukinda line. As per Garg, "the line would be much beneficial for the steel plants."

The project is expected to be completed by 2013. RVNL is also undertaking construction of third line between Barang- Khurda Road (35 km) and Jakhapura-Haridaspur (25 km). The project is scheduled to be completed by 2011. New line for Haridaspur-Paradip and electrification of Tomka-Jaroli has also been taken up. The projects are scheduled to be completed by 2011.

With the timely completion of the new projects, the cargo traffic handling capacity of Khurda Road division, the fastest growing division of Indian Railways, is expected to increase even further. **MG**



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## Biofuel Transportation

# Green Oil Logistics is the Key

by **David Boren**

A massive increase in the production of biofuel feedstocks is required to meet renewable energy demand, and although the current biofuel supplies requiring shipment are not large enough to justify adaptation of the world shipping fleet and port infrastructure, expanding production of biomass – especially green oils such as *Jatropha* and *Milletia* – will, within 3-5 years, require adjustments in the global supply chain, including port infrastructure.

Today, liquid biofuel transportation requirements are being handled shipment-by-shipment, based on the proximity of suppliers to handling and transshipment facilities. Iso tanks and flexitanks shipped through container port facilities are a major part of the interim solution for liquid biofuel transportation. Ultimately, however, strategic planning for the

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The importance of reducing global reliance on fossil fuels through increased consumption of renewable energy requires attention to world shipping and infrastructure requirements. Developing economies have the potential to play an important role in providing biomass supplies to Europe, the US, and Japan, but it requires necessary measures from them to grapple with transportation constraints.

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shipping and ports industry will be required, as acknowledged by the International Energy Agency, in their Task Force 40 study on World Biofuel Maritime Shipping, which focusses on the importance of liquid bulk carriers.

Specific ports as well are beginning to adapt or expand their storage and handling facilities to accommodate the requirement for liquid biofuel

transportation and throughput. Among these are the ports of Wismar in Germany, Rosario in Argentina, Rotterdam in the Netherlands and Grays Harbor in the US. The independent tank storage company Vopak also has recognised the importance of liquid biofuel requirements, especially for Southeast Asian producers, and is expanding its tanking capacity in Indonesia.

The key biomass sources that will require expansion of the shipping fleet and port infrastructure are energy-rich vegetable oils, despite the current dominance of wood pellets in world biomass trade. Brazil's considerable comparative advantage in ethanol production may be sufficient to justify shipping and infrastructure innovations there, primarily to serve the US market. However, second-generation biofuels pose a challenge to ethanol due to "net energy balance" calculations associated with its production – significant energy resources are consumed in the ethanol production process. Second-generation biofuels do not pose the same threat to oilseed-based biofuels whose expansion in Southeast Asia, Africa and South America is already underway.

At least since 2005, regulatory-driven demand for biomass feedstocks has contributed to global price growth in "dual-use" commodities, such as oilseed and sugar, important both as a source of food and bioenergy. Competition for arable land between energy crops and food production

has resulted in a critical shortage of required biomass feedstocks, especially in Europe and Japan. Nevertheless, international trade in biomass remains relatively limited.

The small scale of international trade in liquid biofuel feedstocks is mainly due to insufficient biomass production to provide a steady source of shipping demand, but expansion of output based on crops such as *Jatropha* and *Milletia* that do not require arable land will increasingly require shipping access and port throughput capacity. The current and future "world biomass shipping lanes" are depicted in the figure given below – showing the importance of the equatorial and sub-equatorial regions to sustainable biomass supplies.

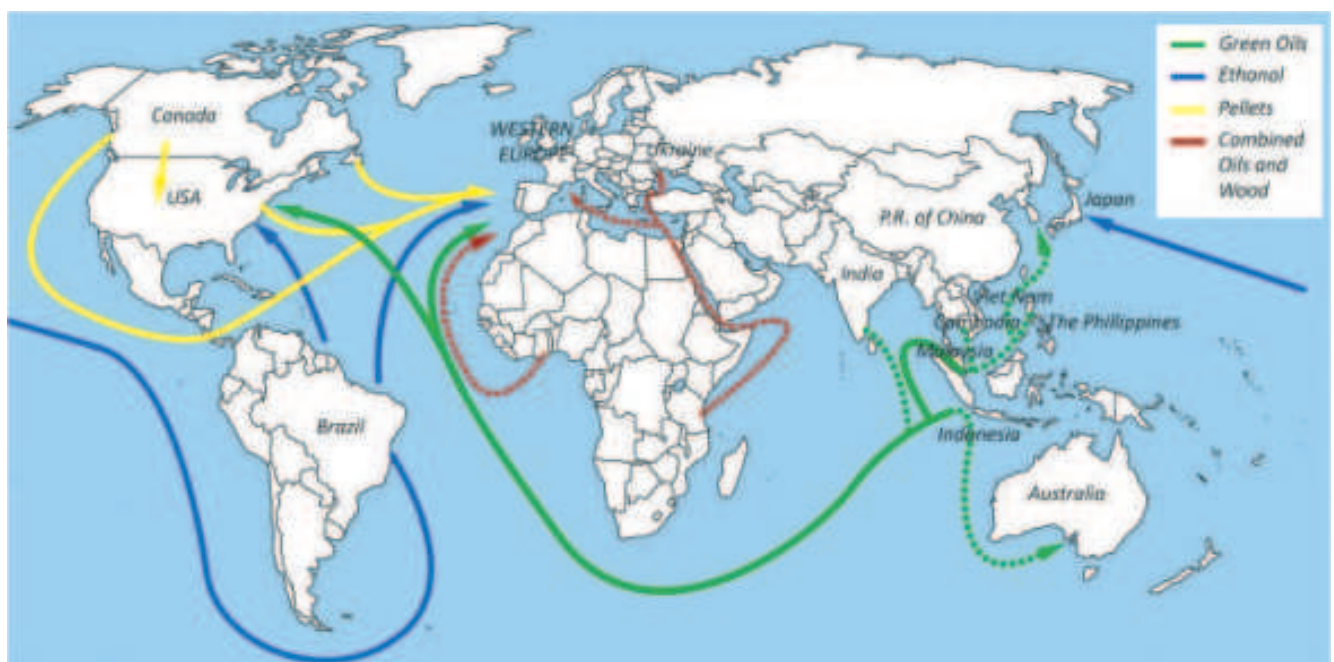
The three primary sources of currently traded biomass and some of the factors influencing their future prospects are the following:

1. Wood pellets currently originate primarily from North America and are exported to Europe, though they are also provided, less reliably, from Russia via the

Baltics. In the future, North American exports may decline; in recent years Canada has been grappling with a large-scale spruce bud worm infestation that has artificially accelerated wood exports. The dotted lines from Africa in Figure 1 show that it too has potential as a major source of high quality wood pellets, the higher quality possible as a result of incorporating oil rich biomass into the mix;

2. Ethanol, the sugar-based liquid biofuel, is predominantly exported from Brazil, which supplies not only Europe, but also the US and Japan. These shipping lanes will remain important provided that current concerns about the net energy balance of ethanol production do not compromise its long-run sustainability as a biofuel source;
3. Green Oils, plant-based oils that can be used as the basis of biodiesel and, in some cases, as a substrate for jet fuel production, originate largely from Southeast Asia and offer one of the most

## World Biomass Shipping Lanes



Source: CCF; International Energy Agency

promising sources of liquid biofuels relevant for the transportation sector. At present, biomass shipping demand from the region is dominated by CPO exported from Malaysia and Indonesia. As these countries and others in Asia, such as Cambodia, Thailand, the Philippines, and of course, India, expand their cultivation of *Jatropha* and *Milettia*, the need to develop the Asian supply routes for green oil will grow in importance.

While the early stages of energy crop production enable producers to rely on flexitanks and Iso tanks to make smaller oil shipments by container, bulk cargo demand is expected to increase steadily. It is important that liquid bulk cargoes of plant-based oils are not exposed to other, more hazardous liquids and oils, which will be a major factor influencing the development of purpose-built pumping, storage and shipping capacity. In evaluating the hazard profile of *Jatropha* Oil shipments, the International Maritime Organization rejected comparison with Castor Oil on the grounds that Castor Oil, unlike *Jatropha*, has carboxylic acids.

Comparisons between *Jatropha* and other plant-based oils, such as Groundnut Oil, were also rejected because of the minor presence of phorbol diesters in *Jatropha*. Consequently, IMO rulings under the MARPOL convention indicate that *Jatropha* requires class II shipping and handling facilities. As long as shipments are made via flexitanks and Iso tanks, as is appropriate for current shipping requirements, this classification will have limited implications; in the long-run expanded production of such non-food green oils will require development of new transportation infrastructure.

Such a development may be closer than generally expected within the shipping industry. In Europe, bio-refineries and biomass production facilities that are constructed to meet the need for clean energy continue to

**“To secure sustainable supplies of renewable energy, Europe must look beyond its own borders to countries in the equatorial and sub-equatorial regions whose climate gives them a comparative advantage in biomass production.”**

operate below capacity. They have either been shuttered or have not even been commissioned due to inadequate access to biomass feedstocks. To secure sustainable supplies of renewable energy, Europe must look beyond its own borders to countries in the equatorial and sub-equatorial regions whose climate gives them a comparative advantage in biomass production.

North America is unique among the developed economic regions as an exporter of biomass, mainly in the form of wood pellets. The obvious reason is the scale of its forestry cover and cellulosic crop production. However, even the US faces challenges in producing or obtaining renewable energy resources important to the transportation sector and that do not compete with food production, especially green oils.

Asia, Africa and South America have the potential to produce and export sufficient volumes of biomass feedstocks to support the global shift toward clean energy generation. Yet, it is in these regions that port infrastructure is least adequate, especially with regard to handling, a priority factor that exceeds speed of loading in evaluating a port's

biomass throughput capacity. Since proper handling, and in some cases dedicated pumping and storage facilities, are important to preserving the energy value of organic cargo, which can be eroded by exposure to oxygen, moisture, temperature, microbes, or contamination by noxious cargoes during shipping, port innovations are clearly in the cards.

The initial idea that large volumes of biomass feedstocks would be produced in tropical countries, processed and then shipped to countries with limited biomass supplies has given way to interim solutions. Brazil, for instance, has increasingly begun to export oilseeds whole rather than crushing them domestically and transporting the oil and biomass separately. In the case of *Jatropha* for instance, extracting 60,000 tonnes of *jatropha* oil generates 240,000 tonnes of biomass. So seeds transported to Europe on dry bulk carriers can be processed at crushing facilities located in close proximity to the end consumers of the resulting fuels.

A more lasting solution, recognising the importance of Southeast Asia as a source of liquid biofuels, will be the development of transshipment, storage and even processing facilities toward the east side of the Malacca Straits. A location in North Sumatra, such as near the port of Dumai, which offers both container handling and bulk carrier berth capacity, would be a major contender. Such a facility could provide a focal point for collection of scaled green oil supplies for further shipment to Europe, the US and Japan. Whatever the location of strategic facilities to support production throughput, rationalisation of green oil logistics will, on a 3-5 year time horizon, encompass more than expanded throughput capacity at ports in the major consumption markets. 

**David Boren**, based in Indonesia, is involved in developing the renewable energy supply chain, including expanding the production of green oils useful as liquid biofuels.



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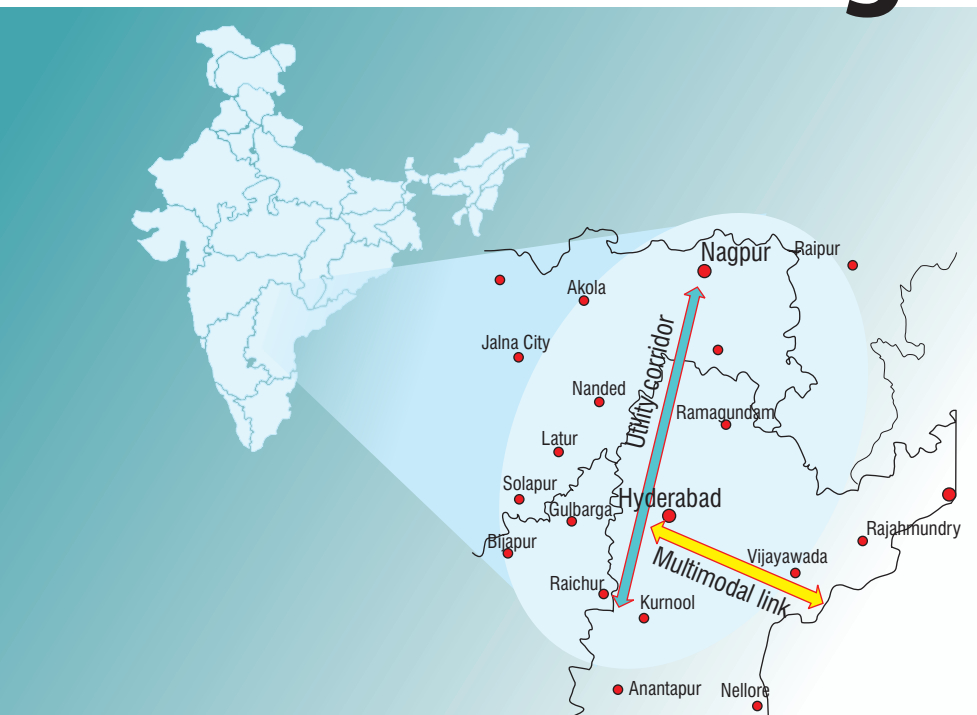
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# Port-led Development Corridor along the Core



eastern Maharashtra, northwestern Karnataka, western Andhra Pradesh, and southern Chhattisgarh. This has led to social and security issues which have escalated to national level; hence would need an initiative from the central government supported by various affected state governments. These areas can be clubbed together as a Central Development region with a common agenda of socio-economic growth.

One of the reasons for lack of development in the central region of India could be attributed to the lack of infrastructure and seamless connectivity to the east coast ports. From the example of the commercial capital of India (Mumbai) which has a port created as early as in 1873, it can be noted that the port was even preceded by the rail connection connecting it to Gujarat for transporting raw cotton for export to England; this highlights the importance of port-led development.

While the state of Gujarat (which was a part of Bombay province pre 1961) had Mumbai Port with established connectivity leading to a certain level of developed infrastructure along the route. It today has a major industrial corridor extending up to Ahmedabad 500 km from Mumbai. Rail connectivity is being upgraded to a dedicated freight corridor capable of carrying double decked containers at high speed. A leg of road connectivity Vadodara-Bharuch section (NH 08) has even got one of the highest negative grant for development (Under negative grants, funds are given to the government for road projects by the concessionaire, rather than the government itself providing resources using the viability gap funding route).

Andhra Pradesh with its ports, hinterland connectivity and Ultra Mega Power Plant (UMPP) is poised to contribute in developing a large area of central India. Central Development Region (CDR) can be the possible format by which all the resources can be effectively combined to cover a larger canvas for socio-economic development to benefit all stakeholders.

by **Surendra Sharma**

**T**he first Master Plan for Delhi (MPD) notified in 1962 recommended development of a National Capital Region (NCR) to have a more widespread development with an aim to decongest Delhi, following which Indian Parliament enacted the Planning Board Act in 1985 defining the region consisting of National Capital Delhi and parts of the adjoining states of Haryana, Rajasthan and Uttar Pradesh. The

state-wise area covered under National Capital Region (NCR) comprises a total area of 33,578 sq km including areas of Delhi (1,483 sq km), Haryana (13,413 sq km), Uttar Pradesh (10,853 sq km), and Rajasthan (7,829 sq km).

## **Central Development Region (CDR)**

A large part of the central India has not developed on par with other regions affecting a vast population in

For the Central Development Region (CDR), efficient port connectivity sans infrastructure would be insufficient for cargo generation. Similarly, infrastructure developed without seamless port connectivity would also involve high logistics costs and act as a barrier for speedy development. With port connectivity, there would also be a need to develop supporting infrastructure with industrial estates, power and other utilities for entrepreneurs to plug in with their industries. Either this can follow in a haphazard long-term manner increasing the risk and discouraging private investment, or can be coordinated with a CDR detailed master plan to have a balanced, holistic and encompassing growth.

### Moving forward

Keeping the objective of sowing seeds of development by providing efficient port connectivity and infrastructure for sustainable and progressive growth, with focus on integrating development with the participation of local tribal and underdeveloped regions of central India, a task force can be constituted. The task force would have representatives from states located in the central region of India: Maharashtra, Karnataka, Andhra Pradesh and Chhattisgarh along with

“The Central Development Region (CDR) would give a platform to bring various stakeholders together in a holistic manner to support and plan for the development of the region benefiting the local population of central India. It would also ensure sufficient cargo traffic which would enable the multimodal freight corridor and ports on the east coast of India to become commercially viable.”

a representative of the central government to formulate an action plan. The task force for the Central Development Region can pursue the NCR model to obtain legal sanctity.

Efficient connectivity would be paramount for the benefits of development to spread across village, district and state boundaries without which the development would be confined to pockets.

National Capital Region (NCR) with its coordinated master planning (to decongest Delhi) has improved the region but it is only after the metro rail has effectively and economically connected Noida (Uttar Pradesh) and Gurgaon (Haryana) that the population there has a real choice of living outside NCR and travelling down to work. Similarly Mumbai city has developed beyond a distance of 100 km due to the excellent rail connectivity.

To ensure efficient connectivity in the CDR, a parallel corridor with the existing NH 07 from Nagpur (Maharashtra) can be developed up to Kurnool (Andhra Pradesh) as a multimodal and multi-utility corridor. This utility corridor combined with NH 07 can have provision for separate dedicated four-laned passenger and cargo traffic roads. Three rail lines for passenger and cargo traffic would also have to be provided for, along with water pipeline, power, gas, communication and transmission lines along with a service road for security and disaster management.

The utility corridor would be surrounded by buffer green zones. This utility corridor would form the backbone for integrating the surrounding regions and hence, would need to have expandable world class infrastructure planning which can be developed in phases as per the traffic growth and demand generated. The utility corridor would be the key in supporting development over the command area of the CDR. New industries setting up on either side of the utility

### Benefits of Central Development Region (CDR)

- Inclusion of suitable areas in central India located in various states under a common development theme.
- Identification and inclusion of various stakeholders for all-round development.
- Development of Master plan with environmental and socio-economic focus.
- Central government participation involving other central agencies with policy and funding support.
- Compliment the port and freight corridor to encourage investment under PPP model.
- Act a hub for small towns to develop around in various states which can be linked to the CDR.
- Enable large-scale projects (Public Sector Units can also be invited to set up in CDR) which can act as feeder plant for supporting industries.
- New planned industrial region in central India would be made available with excellent planned logistics facility, which can utilise the airports of Nagpur and Hyderabad along with seaports on the east coast of Andhra Pradesh.
- Industrialised growth would generate sufficient cargo movement, both domestic and international, which would ensure commercial viability for ports and connectivity projects encouraging private investment in developing and maintaining of infrastructure.



corridor can plug in for power and other services and start production, while simultaneously developing their own infrastructure.

The utility corridor can be linked to the central power grid and water pipelines can also be used to transport water to deficient water area or for linking rivers.

Ramagundam (Andhra Pradesh) would be 120 km east from the Nagpur-Kurnool utility corridor and should be developed as major industrial town to enable it to act a bridge of development between the naxalite-affected area of Dantewada, Bastar in Chhattisgarh and the utility corridor. Similarly, Nanded (Maharashtra) on the west side of the utility corridor can be developed for covering eastern parts of Maharashtra. The command area of the CDR can thus be effectively extended over a distance of 300-500 km by linking the utility corridor with towns which are identified on either side of the corridor.

The distance which an export cargo from NCR covers to the nearest port

## Districts that benefit from the CDR

| STATES         |           |           | DISTRICTS  |          |        |
|----------------|-----------|-----------|------------|----------|--------|
| Maharashtra    | Nanded    | Yavatmal  | Latur      | Hingoli  | Wardha |
| Andhra Pradesh | Adilabad  | Nizamabad | Karimnagar | Warangal | Medak  |
| Karnataka      | Bidar     | Gulbarga  | Raichur    |          |        |
| Chhattisgarh   | Dantewada | Bastar    |            |          |        |

is more than 1,000 km, while the distance from Nagpur (which would be the farthest location from the east coast port of Andhra Pradesh on the proposed utility corridor) to Hyderabad using the NH 07 is 481 km and further from Hyderabad to east coast port via NH 09 is another 270 km i.e. total 751 km. Thus, export cargo from Nagpur to the east coast ports, with adequate rail connectivity would move within 12 hours of transit time.

Satellite imagery data from Government agencies can be analysed for their topography, suitability to identify land (150 km on either side of this utility corridor) and marked into three main zones namely:

**Green Zone** covering forest reserves, horticulture and fertile land for developing parks and green cover.

**Yellow Zone** covering land which can be used for development of residential, educational, medical, community facility (Special emphasis would have to be given on this zone to cover the tribal remote corners for spreading development).

**Blue zone** covers unfertile or rocky land which can be classified for different types of industrial use. (Successful development of

Pithampur industrial estate near Indore in Madhya Pradesh can also be studied).

Fiscal policy with tax benefits can encourage private investment to set up industries in the blue zones which can be plugged into the utility corridor. Non-governmental organisations (NGOs) working there can also be allotted yellow zones to ensure water harvesting, training and medical facilities reach the local population who can be absorbed in the industrial units.

Aeronautical, automobile, bulk drug manufacturers, oil refinery, power plants which can benefit from the port and multi-modal connectivity can be encouraged with suitable policies to setup their industry in the CDR. Generation of employment and commercial activities would help the neighboring towns and cities, which can be linked with better road and rail transport to cover the new opportunities. [MC](#)

### Surendra Sharma

(surendrasea@gmail.com) is a veteran in the maritime industry with two decades of working experience in port-led logistics with major Indian companies and with top global management consulting firms in strategy and operations.



## Call for more corridors

The Railways could invest more in creating dedicated freight corridors, suggested Dr Rakesh Mohan, chairman of the National Transport Development Policy Committee. Delivering the inaugural of a CII seminar on 'Auto SCM 2010 Logistics as key enabler to make India a global hub,' Dr Mohan said India's logistics challenges were different and more complex when compared to other Asian countries. While manufacturing was concentrated in coastal areas in

other counties, India democratic polity has resulted in more equitable distribution of manufacturing. "As such, a lot of manufacturing activities are in inland areas too."

Also, as India urbanising fast with the urban population likely to double to around 600 million in the next 30 years, there is a need to create freight corridors to ferry both people and goods, he noted. Though the Railways had invested in improving network and gauge conversion, it needs to invest heavily in dedicated freight corridors that can move goods faster, Dr Mohan added.

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## Jaigarh Port

# Konkan's Coronet

Integration is the word that the management of JSW Group swears by these days. Investment in the port sector is a strategic move to consolidate their position in all the business segments they operate. Jaigarh Port is ideally located to service the exim needs of the group as well as other customers, especially in the captive and commercial sphere.

by Jagadeesh Napa

**J**SW Infrastructure Limited, the infrastructure development arm of JSW Group, is blazing ahead with investments in ports and port-based SEZs. With a total investment plan of Rs 10,000 crore, JSW Infrastructure, which is already operating two ports, has grand plans to set up about five to six ports in different states of India. The company is in the process of developing a total port capacity of 180 million tonnes over the next ten years. A part of this capacity will service the export/import requirements of JSW Group companies.

JSW is currently in the process of identifying locations for the proposed ports. Seventy-five per cent of this planned investment will be raised through debt, company's management reveals. Besides ports, JSW infrastructure also has plans to build a ship maintenance facility in Dhabol, Maharashtra.

To start with, it has already invested in two port facilities that are operational as of today. They include South West Port Limited in Goa and JSW Jaigarh Port, Jaigarh, Maharashtra. While South West Port Limited, which is operating berths 5A and 6A of MPT, was established under a license agreement between Mormugao Port Trust (MPT) and JSW Group, Jaigarh Port is a

greenfield facility being developed at a cost of Rs 2500 crore. South West Port primarily caters to the exim needs of the steel plant of JSW Steel in Bellary, which includes import of coal / coke and export of steel products like hot rolled coils and cold rolled coils.

Jaigarh Port in Maharashtra, which was inaugurated in 2009, will have the capability of handling capesize vessels. It not only caters to the needs of the group companies but also offers commercial services to other customers. Jaigarh Port has an initial capacity to handle 20 million



tonnes of cargo, which can be further expanded up to 50 million tonnes.

“It all started with the in-house requirement of coal for our power plants and chartering in panamax and capesize vessels. Going forward, we will take up more dredging to accommodate capesize vessels in future,” says Capt BVJK Sharma, joint managing director and chief executive officer of JSW Infrastructure, who is also the vice-chairman of the port.

The Jaigarh Port will mainly cater to the coal requirements of JSW Energy's 1,200 MW power plant. Apart from coal, it plans to handle fertilisers, bauxite and raw sugar as well for external customers. “The total capex is Rs 2,500 crore,” Sharma said. It has a continuous quay line of 2 km and if seaside and breakwaters are added, an additional 2 km of quay will firm up.

### Efficiency and environment

JSW has also ensured to put in place state-of-the-art cargo-handling equipment that is both efficient and environment-friendly. Though it has a draft of 14 m to handle ships bigger than post panamax vessels, the equipment on the civil and mechanical side is capable of



handling vessels up to 2,00,000 tonnes. “We are working on the target of releasing a vessel in two days. As of today, we can unload 50,000 tonnes per day and so, we can release a panamax vessel in two days. In the coming days, we wish to see a capesize vessel being released in two days. Therefore, mechanised loading and unloading systems need to be a part of your set-up to achieve such targets,” says Sharma.

Being a bulk cargo port, JSW is keen on enhancing efficiencies. As bulk cargo is always associated with economies of scale, mechanisation of handling equipment helps the port in attracting more cargo. Sharma strongly believes in improving efficiencies in an environmentally friendly manner. With the growing awareness of protecting the environment and reducing pollution, ports need to adopt greener ways of cargo handling. If this is taken care of, he says, more cargoes will flow into the port.

### Captive vs. Commercial

In addition to the captive business from group companies, Jaigarh Port is also on the look out to attract commercial business from external customers. While the current ratio of captive versus commercial business is 1:2, Sharma is looking forward to improve this figure to 1:3 in the years to come. Apart from the captive business, there are other power plants and sugar plants that are coming up. “There are customers with bauxite cargoes and iron ore cargoes for exports intending to use this port. As of imports, there are customers for import of raw sugar, fertilisers, thermal coal, coking coal and coke. Edible oil refineries are

being set up in the vicinity and we are looking at SPM and LNG facilities. People are starting to come to this place and feasibility studies are being done,” adds Sharma.

When asked if the Jaigarh Port enjoys any location advantage, he quips saying “location is there, but we have to bring in the advantage”. Though the port is situated close to the industrial belts of Pune and Kolhapur, proper road and rail connectivity needs to be established. The port is now working on developing the road connectivity as well as pipeline connections to these industrial belts. As for rail connectivity, Sharma says, JSW Infrastructure is waiting for the new railway policy to be announced by the Indian Railways which will enable private ports to build their own railway lines. The new rail policy is expected to replace the current one in which Rail Vikas Nigam Limited (RVNL) plays a crucial role in building railway lines.

### Going forward

From the present 20 million tonnes capacity, JSW Infrastructure is planning to take it to 180 million tonnes in the next ten years by investing about Rs 10,000 crore. This includes establishing ports at different locations including a second location in Maharashtra, one in Karnataka, one in Tamil Nadu and one in Orissa or West Bengal.

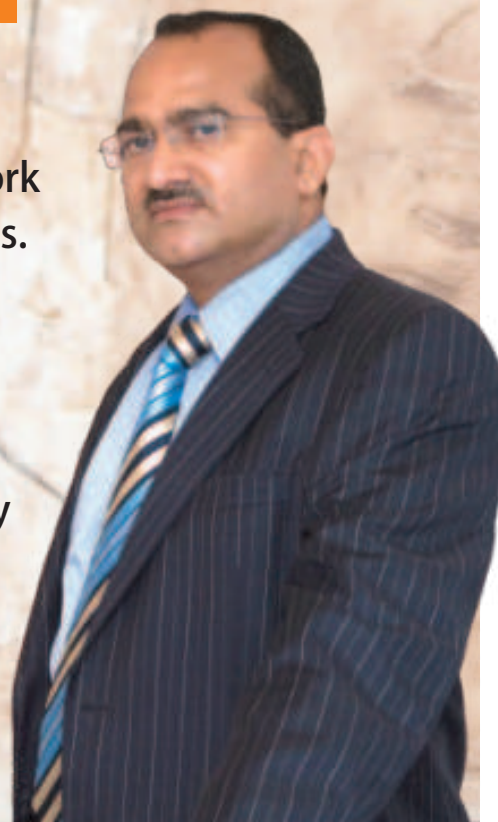
The investment also includes establishing rail and road connectivity to these ports. Some of the proposed ports will have port-based SEZs and /or FTWZs, while some other ports will support more steel plants and power plants for the group. “We have the association of O P Jindal Group and hence there is a guarantee for cargo. Broadly, while we capitalise on our group cargoes, we also have a large opportunity in commercial cargoes. That is why we have seriously entered this ports business,” signs off Sharma. **MG**



“A bulk port has to mechanise. You cannot work manually with bulk cargoes. You should be both environment-friendly and mechanisation-savvy. The quality of cargo changes when you handle manually and it leads to polluted surroundings.”

**Capt B V J K Sharma**

Joint Managing Director and  
Chief Executive Officer, JSW Infrastructure Ltd.



bring down the overall cost per tonne for the customer by Rs 300. By changing the size of the ship and other means, we brought it down much more than just Rs 300. Ultimately, the customer saved about US\$ 3 million. Therefore, with mechanisation and speedy evacuation at private ports, the cost to customer will come down instead of going up.

**How do you think the cargo flows will shape up in view of multiple ports being set-up?**

Basically, cargo growth is related to GDP growth. If we say the GDP growth is 8 to 9 per cent, I think one in quarter times of that happens to be the cargo growth. If you add that growth to the major ports capacity and work on the overflows, I think that if you are a good port, from the port of call point of view, you will get cargo. If you mushroom, inefficient ports will die out and all others will consolidate.

A very important issue would be how railways will connect to the port. The current policy of Indian Railways is eating away a lot of time in bringing in the connectivity. For instance, the 26-km rail connectivity for Krishnapatnam Port is yet to be completed. So, we are waiting for the new policy of the Indian Railways where the private ports will be allowed to construct their own railway lines. If that happens, the ports industry will thrive. **MC**

## Saving through Speed

**What are the challenges that you face as a port operator?**

First is to attract cargo from greenfield locations. Second big challenge is the external logistics. While you can bring in efficiencies in the port, beyond the port gates, you have connectivity issues. Third, an online community system needs to be in place for all members of the maritime community, something similar to that of Singapore. This can reduce the use of paper documentation and transform port transactions into paperless transactions from the current paper regime. This will also

reduce the number of inspections that are being done. Currently, the inspections amount to 10 per cent in India as compared to 2 per cent internationally.

**There is a general feeling that private ports are expensive in terms of tariff as compared to government-run ports. What is your comment on this?**

Tariff is relative, very relative. Unless you go in to understand how the importer or exporter is paying for their cargo on per tonne basis, you won't appreciate it. As per our experience, ships with our cargo wait for 25 to 28 days at major ports before unloading and this is a huge cost

for us. Since the margins are there, mine owners are able to bear the cost, but the ships are consumed in the bargain and the freights are going up. So, we should look at size of the ship, how you work the ship, pre-berthing delays, how fast you turnaround the vessel and how fast you discharge the cargo out of the port. Therefore, by merely looking at the tariff figures, one should not say that it is costlier. The trader or the consignee will not come to the port if it is costlier. Definitely, there is overall saving in costs for the importer/exporter.

This happened when we started our Goa terminal. We decided to

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## SUPPORTING MEDIA



## SUPPORTING TRADE ORGANISATIONS



**P**roblems of handling bulk cargo will be minimised as a container terminal facility would be set up at Diamond Harbour in south 24 Parganas district for Kolkata Dock System (KDS) and four berths at Salukhali near Haldia Dock Complex (HDC) for handling bulk cargo.

According to Mukul Roy, Minister of State for Shipping, "For making the proposed port corridor fruitful one railway connectivity is required. We have already spoken to the Railway Minister Mamata Banerjee and she has agreed to the proposal."

The railways will have to lay a 2-km long track straight from Diamond Harbour station to the proposed container terminal site and also another track that would be 8 km long from the Haldia-Panskura section to Salukhali near HDC.

This is essential for making the proposed port facilities worthwhile and the Kolkata Port Trust (KoPT) will spearhead the creation of the infrastructure to tide over the perennial draft problem which is the major cause for loss of business. New money will be injected for the KoPT to complete the task in record time. Taking cue from the recent announcements, the shipping companies, logistics and those related with infrastructure are showing interest.

The major problem is getting coal and bulk cargo to feed the power plants and the steel mills. Building of a port at Sagar Island will offset much of the impediments. On the whole, the economy of West Bengal is bound to receive the much needed impetus if large tankers like the Suezmax types with a carrying capacity of 80,000 tonnes can be offloaded.

Getting valuable dry bulk cargo supplies like iron ore, thermal coal and coking coal will be facilitated. Along with ramping up of the infrastructure at the port, railway network will be strengthened and according to sources, both the port

There is a great lot to cheer for exporters, shipping companies and agents depending on two traditional ports of West Bengal – Kolkata and Haldia. As they are crying out loud for corrective measures like continuous dredging and upgrading to improve the infrastructure, the shipping ministry has recently announced that a deeper draft port as well as a port freight corridor will come up in West Bengal.

by **Susenjit Guha**



# Releasing the Bottleneck

## Through Sagar Island Development

facilities at Diamond Harbour and Salukhali are expected to be completed by 2011 end.

An expert committee will look into it and also undertake a survey for the deep draught port at Sagar Island. “KoPT chairman and the railway board will discuss on constructing a 5-km long railway bridge over Muriganga river in South 24 Parganas and laying of around 40-km long tracks from Namkhana to proposed port site, about 32 km down the stream from Kachuberia over the river,” said Roy.

Upgradation of port facilities is imperative for boosting the economy of the state and the fact was reiterated by the minister during his visit to Kolkata recently. Land will be reclaimed at Sagar and the port is expected to come up with through public-private partnership (PPP). Incidentally, the West Bengal government has also identified the same region for building a port and off late, a private sector firm has approached the state government for undertaking the task.

But according to the minister, “We have no connection with this. The state government has not approached us for requisite permission either. We shall not have to acquire much land for our port. It will come up on reclaimed land. We shall construct guide walls around the plot required and dump silt collected by our dredgers into the receptacle that is formed.”

Taking into account the railway tracks and the bridge, the cost of the entire project is estimated at a few thousands of crores of rupees which can be quantified in exact terms once the survey is carried out. To make the project appear lucrative, the shipping ministry and the KoPT will leave no stone unturned. The key for the project would naturally be private capital which has to be forthcoming and both the agencies will work to make it feasible and financially viable for the right private investor to step in.

## “Upgradation of port facilities is imperative for boosting the economy of the state. Land will be reclaimed at Sagar and the port is expected to come up through PPP.”

Port facilities at Diamond Harbour and Salukhali will be up and running by December 2011 and help will also be forthcoming from the Ministry of Defence which has agreed to part with 45 acres of land. The gesture by the defence ministry will be reciprocated by the Ministry of Shipping in kind as it would also hand over a portion of its own land to the former. Diamond Harbour alone is expected to handle nearly 10 lakh containers annually.

Knowing fully well that land acquisition is a contentious issue in West Bengal, the central government has to work its way for land in east Midnapore district by consulting the state government which has already agreed in principle to hand over a 132-acre plot to KoPT to set up port facilities that will primarily handle bulk cargo.

The three major projects, which would cost at least Rs 3,000 crore, are top priority for the shipping ministry to primarily secure the future of the Kolkata Port Trust (KoPT) which has been a cause for worry among the trading fraternity for its inadequate depths from silt deposits. As large ships cannot come to Kolkata and Haldia because of the draft problem, the deeper draft port near Sagar Island would come as a big boon. Along with the aligned railway connectivity, the three proposed projects would also herald a new prosperity in the otherwise impoverished region of the state. But

MOS Mukul Roy stressed that the deep draught port was in effect different from the deep sea port that was planned by the West Bengal government.

The move is also expected to improve the economy of Sagar Island which is without rail and electric connectivity in major parts of the region. The port at the southernmost part of the island will automatically spur socio-economic development as well.

For clearing the debris of the Eden Channel, KoPT deputy chairman A Majumdar had said a few months back that the initial tender had been discharged which was in line with the recommendations of the tendering committee, but new tender will be floated soon which would again mean further delays in opening of the channel. It could take at least next year for an alternative route to go up and running.

According to officials, “Of the three companies that bid for clearing impediments, one was disqualified and the remaining two quoted prices 35 per cent and 37 per cent above the KoPT estimate for the work. The tendering committee will now submit a report to the chairman and the KoPT board will have to take a decision.”

The new contractor will take at least a month to get the equipment ready even if the work order is finetuned and the estimate hiked. The depth had fallen to 3.7 metres and Haldia Port will have to manage through the main navigational channel – the Auckland Channel. Problems faced by the businesses are the extra cost of a congestion surcharge levied for containers coming to the port.

These could be a thing of the past if the shipping ministry, in conjunction with the railways, takes up the task of implementing the projects it has recently identified. However, it could take more than a year and a half to get things sorted out. But the new port is the only way to bring cheer to shipping companies and do loads of good for the state. [WB](#)

## SAIL-Posco to sign Rs 15K-cr JV

**S**tate-Run Steel Authority of India Ltd. (SAIL) is expected to ink a deal with South Korean steel-maker Posco by October this year to set up steel plants in India at an investment of over Rs 15,000 crore. The two sides are expected to have a framework agreement ready for the joint venture (JV) by August.

SAIL and Posco have already signed an MoU for developing steel plants in the country. An integrated 1.5 million tonnes per annum (MTPA) steel plant is proposed to be developed at Bokaro, Jharkhand, at an estimated investment of Rs 11,000 crore. SAIL is targeting to increase its capacity to 60 million tonnes (MT) by 2020 from 14 MT now. Over the past five years, Posco has been struggling to begin work on its proposed Rs 54,000-crore project in Orissa. The mega project has been delayed mainly due to problems in land acquisition.

## RAK bags Vizag Port project

**A**ndhra Pradesh government has reportedly awarded Anrak Aluminium, a joint venture of Ras Al Khaimah and state-based Penna group, to construct a single berth deep water port at Nakkapalli in Visakhapatnam district with a provision to construct a second berth. The company indicated that it will handle cargo up to four million tonnes a year.

According to an official, the location is between Kakinada Port and the submarine facility coming up after Gangavaram Port in Visakhapatnam district. It is a captive port for Anrak's cargo. The company sought 500 acres of hinterland to facilitate construction of a mega power plant. The government asked Anrak to take up the land issue with the AP Industrial Infrastructure Corporation.



## NTPC's second coal-based power plant to start work

**S**tate-run National Thermal Power Corporation (NTPC) said it will start commercial operations of its second coal-based 490-MW power plant at Uttar Pradesh's Dadri to provide electricity for the Commonwealth Games.

The new plant, along with another unit of similar capacity which came onstream early this year, will provide 90 per cent of its power output for the Games in October this year. The remaining 10 per cent will be given to Uttar Pradesh. Dadri plant has three stages. The first has four coal-based units operational since early 1990s with a capacity of 840 MW, the second with its two coal-based units generates 980 MW while stage-III will have gas-based units with capacity of 829 MW.



## Essar Power to buy Orissa plant

**U**K-listed Essar Energy said its subsidiary Essar Power (EPL) will acquire Navbharat Power – a 2,250-MW coal-fuelled power plant being set up in Dhenkanal in Orissa. Initially, EPL will buy 76 per cent of the existing equity, with the balance 24 per cent being acquired on the completion of certain project milestones. With an estimated cost of US\$ 2 billion, this project will be implemented in two phases of 1,050 MW and 1,200 MW.

Navbharat Power, which already has all major clearances and coal-linkages in place, is a joint venture between Malaxmi Energy Ventures and Nava Bharat Ventures. The project includes the allocation of 112 million metric tonnes of coal from the Rampia block. It also has 4.7 million metric tonne per annum coal linkage with Coal India. Land acquisition is currently in progress. The project is expected to achieve financial closure by the end of the current year.

## Indian Equities

# Are You Missing the Exposure

### Why equities?

Empirically, the returns generated by equity investments have been superior to those generated by other asset classes. A reading of the historical returns generated by Indian equities clearly shows that such investments have largely outperformed other asset classes. It is thus advisable that an individual's portfolio should have some degree of exposure to equities. The exposure to equities is subjective in nature and varies from individual-to-individual based on their risk appetite.

| Years | Inflation (in %) | Equity (Sensex %) | Gold (in Rs. %) | Fixed Deposit (10 year bond) |
|-------|------------------|-------------------|-----------------|------------------------------|
| 1998  | 13               | -17               | 0               | 12                           |
| 1999  | 5                | 64                | 0               | 11                           |
| 2000  | 4                | -21               | -6              | 11                           |
| 2001  | 4                | -18               | 3               | 8                            |
| 2002  | 4                | 4                 | 25              | 6                            |
| 2003  | 4                | 73                | 19              | 5                            |
| 2004  | 4                | 13                | 6               | 7                            |
| 2005  | 4                | 42                | 18              | 7                            |
| 2006  | 6                | 47                | 23              | 8                            |
| 2007  | 6                | 47                | 31              | 8                            |
| 2008  | 8                | -52               | 6               | 5                            |
| 2009  | 12               | 81                | 24              | 8                            |

### Why Indian equities?

We believe that the following are likely to be the key growth drivers for Indian equities:

**Capex cycle:** We expect a turnaround in the capex cycle driven primarily by two factors – increased thrust on infrastructure spend and revival in the capex cycle. The RBI has estimated a credit growth of 20 per cent this fiscal on the back of improved credit off-take.

**Consumption demand:** A normal monsoon is likely to translate into (i) a revival in rural demand, which till last year was largely driven by the NREGA Scheme and (ii) control of food price inflation, expected to tone down to 5-6 per cent by year end.

**Fiscal prudence and reforms:** The Finance Commission is targeting to cut the fiscal deficit to 3 per cent by 2013–14 from around 6.8 per cent this fiscal. Considering this, the government has already revamped the Fertilizer Subsidy Bill and de-controlled fuel prices.

Moreover, it is also contemplating a 100 per cent FDI in multi-brand retailing, increasing the FDI limit for the media broadcasting carriage sector to 74 per cent and that of the local cable operator sector by 26 per cent.

An investor with a long-to medium-term outlook can consider exposure to Indian equities via the expertise of renowned brokerage firms offering online trading and advisory services. [MG](#)

Source: Bloomberg, World Bank, Government Ministries

## Om Logistics

## The Growth Chant

Om Logistics, a leading multimodal logistics company with single-window integrated logistics services, is planning big to expand its warehousing space and build logistics parks. With robust growth being experienced by its clients and the 3PL activity fast catching up, the company is leaving no stone unturned to gear up for the surge. Om Logistics is in the process of creating 15 lakh sq ft of additional warehousing space across the country in the next few years. It has recently launched warehouses at Bhiwandi (Mumbai), Patna (Bihar), Kapashera (Delhi) and a state-of-the-art logistics park at Bavla (Ahmedabad). By end-2010, the company hopes to set up similar facilities in Chennai, Bengaluru, Gurgaon, Pune, Halol and Goa.

**Maritime Gateway** catches up with **Akash Bansal**, Head - Logistics, Om Logistics Ltd., for an insider view of the logistics operations. Excerpts:

**Q: How is the demand for the warehousing and other 3PL services growing currently in India? What according to you would be the demand for the same in the next three years?**

The growth in demand for warehousing and 3PL services is really phenomenal. Time to market had become the essence of business and suppliers are trying their level best to be as close to the customer as possible. This has further catalysed the requirements of logistics. The requirement would be growing at a substantial level post-GST as it would become simpler to talk about being flexible for demands of the customers. We see a huge potential for warehousing and 3PL in times to come.

**Q: What are the industries that you are targeting through your newly launched logistics parks?**

Our predominant focus has been automotives. But now we have placed ourselves in a variety of industry verticals other than automotives to cater to specific requirements of the clients in those verticals. As per our new marketing initiative, we are targeting FMCG, white goods & electronics and retail for enhanced growth in time to come.



**Akash Bansal**

Head - Logistics, OM Logistics Ltd.



**Q: Which segments in your company's portfolio do you rate as the fastest growing segments and why?**

As per our present vertical orientation, we rate Automotives and white goods as fastest growing segments.

The reason is pretty visible as these verticals are experiencing incredible growth and are also playing a big role in catalysing the business dynamics in the logistics industry as well.

**Q: What are major the challenges that you face as a 3PL services provider?**

As a 3PL provider, the challenges are many. The major ones include:

- a) Logistics is still not accredited as an industry and hence we are unable to place ourselves in close proximity to our customers.
- b) Though we are experiencing some betterment in infrastructure development, the same needs to be upgraded on a war-footing.

c) The taxation and state barriers are still something we feel most agitated about and need urgent reforms.

d) Tough competition from unorganised sector also adds to our list of challenges.

**Q: Steeply rising real-estate costs eventually raise the final cost of the service offerings. How far is this true? How do you manage in such a scenario when customers demand for lower prices?**

This is definitely true and is an integral part of our business. We cannot blame our customers as they are also working hard for optimising their cost. In such a situation we try our best to amicably absorb the cost mutually. But in cases where we feel that the business calls for a loss by absorbing the costs, we decide upon temporarily stopping such businesses through mutual consent with the customer. We are regularly in touch with such customers to see a possible restart of business with workable prices and service levels.

**Q: You are expanding your warehouse space rapidly of late. Is this fully a greenfield expansion or a mixture of greenfield and brownfield expansion?**

Yes, we are expanding our warehouse space rapidly due to the increased requirements of our customers. We predominantly opt for greenfield projects and present expansion is also a greenfield one. It is very rare that we go in for brownfield projects as it becomes more difficult for us to have customisation in the warehouse infrastructure which is of great importance for optimum utilisation of space at such high infrastructure cost.

**Q: What are the major hurdles that you face in your expansion drive?**

It is all implied. The hurdles we face during any expansion are all implied and nothing specific. Well, when we initiate anything new, you always come across some teething problems and they cannot be named as hurdles. **MG**

## Awards launched for seafarers' welfare facilities

The International Committee on Seafarers' Welfare (ICSW) has launched awards to recognise and encourage excellent welfare facilities and services for seafarers. The International Seafarers' Welfare Awards, announced recently, have four categories – Seafarer Centre of the Year, Port of the Year, Shipping Company of the Year and Welfare Personality of the Year. The awards will be presented on December 1 at an event here by the International Maritime Organisation (IMO) Secretary-General, Efthimios Mitropoulos.

## US Senate passes first major oil spill bill

The US Senate passed the first major bill related to the Gulf of Mexico oil rig explosion, voting to allow families of those killed and injured workers to be compensated far more generously than current laws allow. Eleven people were killed and 17 were injured in the explosion at Deepwater Horizon and their would benefit under the legislation. The bill would also apply to all companies operating on the high seas.

## Africa help sought in fighting piracy

As international navies alone have failed to put a stop to Somali piracy in the waters of the Red Sea region and in the Indian Ocean, one expert argues for US and EU partnerships with African nations to end the menace. International Affairs Fellow in Residence at the Council on Foreign Relations, Michael L Baker, wrote an article on the CFR's webpage calling for partnerships between major powers and African countries. "I think it is still important to engage Africans in maritime governance (and by that I mean in improving maritime laws, enhancing maritime law enforcement, improving maritime security, and creating maritime industries that provide local jobs and attract investment) and one way to do that is through partnerships with advanced maritime states," he says.

## Turkey threatens to sever ties with Israel

Turkey will sever diplomatic ties with Israel unless it apologises over the commando raid on an aid convoy to Gaza in which nine Turks died, Foreign Minister Ahmet Davutoglu was quoted as saying. Turkey has until now called for an international probe into the raid but in a break with that position, Davutoglu did not reject the creation of Israel's own commission to investigate the raid. Israel will never say sorry for defending itself, a senior government official told AFP after Turkey demanded an apology for a deadly commando raid on an aid convoy to Gaza. The UN had proposed an international commission headed by former New Zealand Prime Minister and maritime law expert Geoffrey Palmer to investigate the assault.

Turkey

## Jebel Ali Port named the best port in Middle East

Jebel Ali, one of the largest ports operated by DP World, has been named 'Shipping Port of the Year' for the third time at the annual Supply Chain and Transport Awards 2010 (SCATA). The port has previously won the 'Outstanding Achievement' and 'Port Operator of the Year' awards in 2007 and the Port Operator of the Year Award in 2008.

Dubai

Saudi Arabia

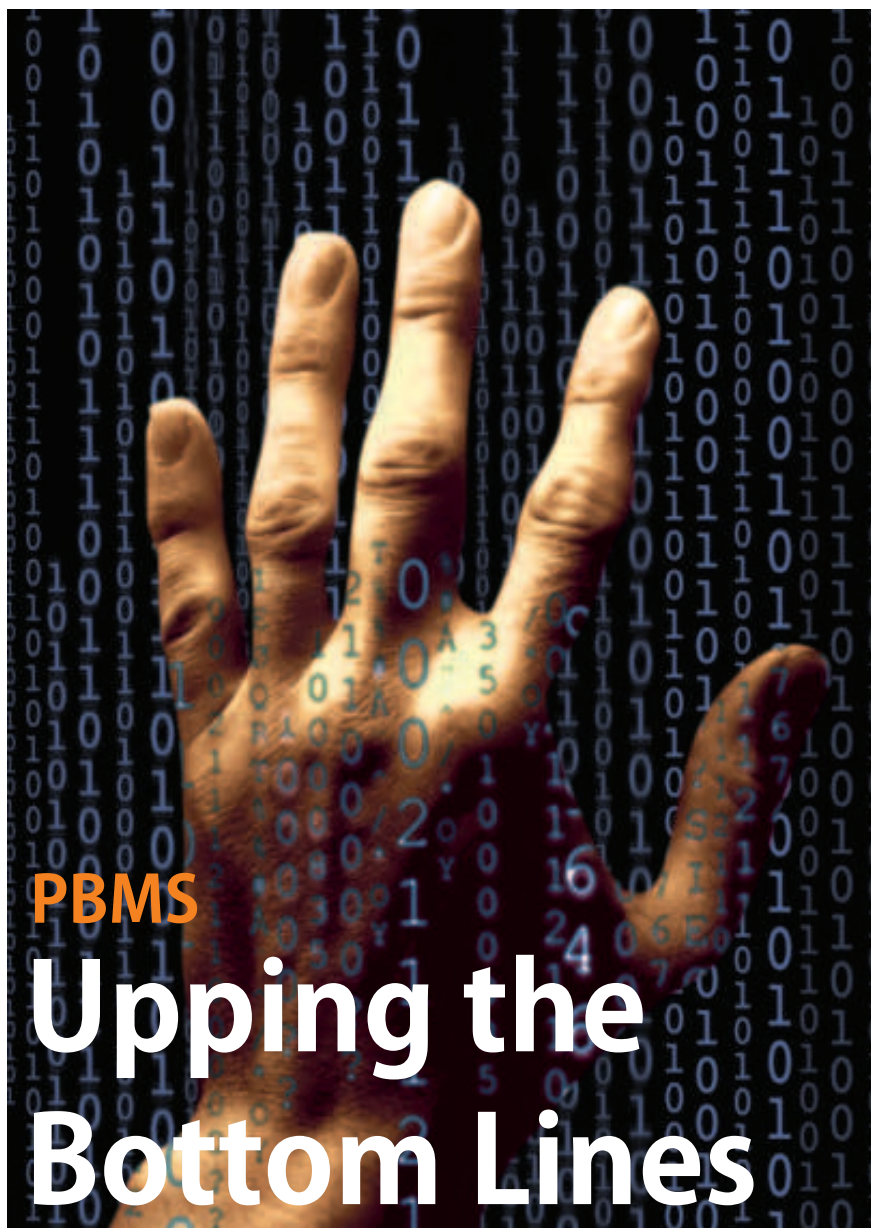
## Saudi firm to invest in shipbuilding

Saudi Arabian Zamil Offshore Services Company will invest US\$ 10.7 billion over the next 10 years into shipbuilding. It has achieved US\$ 533 million in shipbuilding returns during the past two years, according to Arab Steel. The company is building two ships, 'Zamil 63' and 'Zamil 64', for the Saudi Aramco company, the first of which is due to be delivered at the end of this year while the other is scheduled to be delivered in March 2011.

Singapore

## Singapore to build mega shiprepair yard

The Singapore shiprepair yard Sembcorp Marine has embarked on a major milestone in its growth with the ground-breaking of its integrated new yard facility at Tuas View Extension. China Harbour Engineering won the bid to build four VLCC-size drydocks. The yard, when fully completed in about 16 years, will boost Sembcorp Marine's dock capacity by 62 per cent to 3,075,000 dwt. The 206-hectare integrated new yard facility will be built in three phases. The 73.3-hectare S\$ 750-million Phase I yard will focus on ship repair & conversion activities and is scheduled to be completed by end 2013 with partial operations commencing in the second half of 2012. Phase I will feature four VLCC drydocks totalling 1,550,000 dwt, a 3,408m quay as well as workshops 68,300 sq m for hull and fitting works, a blasting and painting chamber, warehouse and crane facilities.




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India's maritime footprint needs to be studied and remedied. The current Indian port development has to ensure that processes that run ports are effective. Developing and maintaining an efficient Port Management System (PMS) can be of immense help to ports in raising their bottom lines.

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by **Capt Inderjit Arora**

**P**rocesses are specifically planned as a strategic means of development and are constructed and administered accordingly. The SMEs (Subject Matter Experts) who work on the Port Management System should help port accomplish its vision and goals. What is required is a mechanism to make sure that the system enables fulfillment of the port's mission on a long-term basis. It is the responsibility of SMEs to see that port authorities thoroughly

understand the system. Only then can leaders (top management) inspire their teams to use and improve the system to fulfill the mission.

The SMEs must first work with the programme's leaders to analyse the system at a high level to show the essential entities, their interactions, what and when they do to fulfill the requirements of the port. This determines the sequence and interaction of key processes within the system. It also gives the leaders

the opportunity to identify their subject matter experts to own each of the key processes. The role of the leader is emphasised at each stage in this paper. It is the most important part of a process based management system (PBMS) approach.

Then, the SMEs should work with the port process experts to analyse each key process to show the interactions, what is done, how data is collected and what documents are used to fulfill the process objective. The resulting procedures are used to

plan, operate and control the processes within the system. The process experts should then share the flowcharted procedures with the process teams responsible for making the processes work effectively.

If necessary processes to run the system effectively do not exist, new processes have to be designed/created. Trainers (consultants) should then ensure that process team is trained to make each new process an effective reality within the PMS so that everyone will have an opportunity to understand his or her system and contribute to its ongoing development. Data collected becomes information aiding in better decision-making. Next, the problem-solving teams should also be well-trained to identify and remove the root causes of problems from the system so that they do not occur or recur.

### Implementing PMS

Some necessary actions that port management should take while implementing the PMS:

**Become convinced.** Every port should have a system that determines the success or failure of its processes. Ports may choose not to take control of their system. Others appoint a champion empowered by a

direct reporting relationship to the top management. This person should facilitate upgrading, use and audit of the system and reports on its performance. He or she should also facilitate understanding and teamwork in the decision-making process after agreeing upon the objectives. Ensure that champion is well-trained to substantially raise the level of port's understanding of systems and system standards.

**Appoint a Task Force.** The champion should list the essential attributes of the team responsible for upgrading the system and form a Task Force with clear objectives from a cross-section of grades and functions and consider the role of an advisor (consultant) if needed.

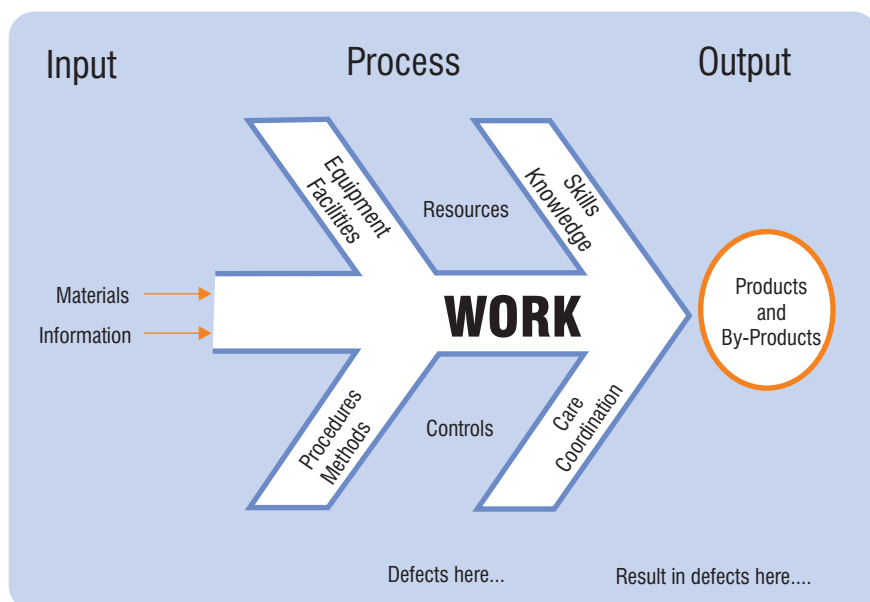
**Analyse gaps in existing system.** The port should audit its system using the relevant system standards. The report should identify adequacy of as-is processes and the need for new processes. Use a very experienced registered lead system auditor to elicit facts without upsetting people. Respect existing processes that work effectively; even if they are not the best they can become one. Use the system for driving the necessary improvements.

**Publish goals and plan of action.** The port should publish its

Policy, Objectives and the Action Plan. Policy and objectives should incorporate the vision and mission to become part of the system and aid in setting targets. Business plan, environmental plan and quality policies have to be incorporated into the Port Policy. The Policy is meant to inspire use of the system and must be from the heart of the person in charge, but not from his advisor.

**Enable leaders to involve the employees.** The port should develop its leaders so that they can sustain the employee interest in developing and using their system by explaining the logic and benefits to the entire team. Leaders need to create the awareness campaign for generating employee enthusiasm for using and improving their system. If done well, it will highlight leader's commitment towards improving the system. Employees should be given an opportunity to provide feedback to improve their system. Instead of limiting the employees to work within the prescribed procedures, they should be allowed to come up with the necessary suggestions to improve the system. This helps processes and people work more effectively.

**Enable control of documents and data.** The port should develop a document coding procedure to ensure reliable delivery of the correct and required information to the workplace. Use proven document coding design principles to give the system structure, indicate ownership and eliminate document control problems. This also moves responsibility for the system (and quality or environmental or safety performance) away from the quality manager QM to the people who are directly involved in work and planning. Consider using document control software to maintain registers, history and distribution. Use the coding procedure for all system documents in the draft and issued for use stages. Position and maintain form stations within easy reach to dissuade users from keeping



their private supply in hard copy systems.

### Identify, define and connect the key work processes.

First, the port should identify, analyse and define key processes from its core process. It is the core process that helps the port in realizing the return on investment; so focus should be on how the port “gets work > does work > gets paid”. The core process is sustained, directed and improved by its support processes. The port should therefore identify the key processes that support the core. Design a flowchart interrelating (connecting) the key processes and associated documents so that they work together as a system. Define objectives for the work (or process) not for the paper defining the process. Ensure system builders are competent enough to create effective procedures using well-proven techniques while designing the system. This will help improve communications, control and system thinking.

### Build a realistic system.

The port should review flowcharts of existing (as-is) processes for accuracy to prevent the system from becoming a work of fiction in describing the way needs are met. Conduct mini-audits to assure accuracy of flowcharts to guard against impracticable procedures becoming part of the system. Remember every new procedure requires an investment in training or cash, which may not be available until the system has been running for a while.

### Formally issue the as-is procedures.

The port's process teams should review their procedures, reconcile comments, approve and issue as-is procedures. Approval by process owners further empowers them. Do not wait to issue these documents. Employees should be assured that they are important for the future of the port. Encourage early issue of procedures so that they can be continually improved based

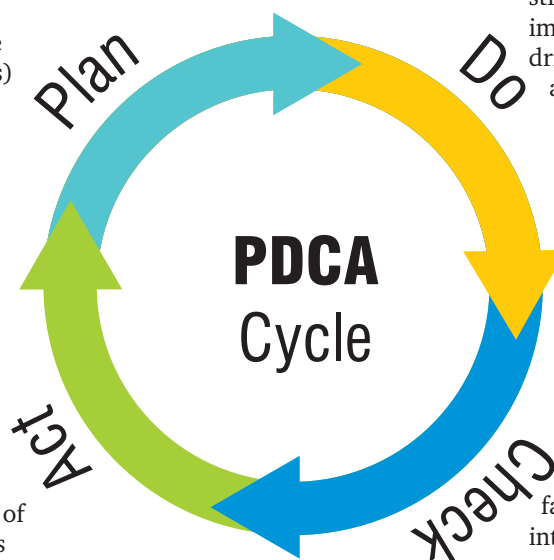
on experience. No procedure is ever finished.

### Design and implement new processes.

The port should limit the number of new processes to those necessary to enable the system to do its job of driving the improvement exactly to where they are needed. New processes require investment in design and on-the-job training for effective implementation.

### New processes may include:

Obtaining and using employee suggestions, analysing data and taking preventive action, assessing risks and setting



objectives and targets (if missing, this new process should be put in place early in the project), auditing processes and the system, taking action to stop recurrence of nonconformity and reviewing the performance of the system (by top managers). The risks may include security issues, environmental impacts, health and safety, lost opportunities and any other potential loss. By taking preventive action based on data analysis, the port can continually refine its reporting and database development. The port should ensure that training will be given by the experienced system builders and certified lead auditors.

### Continuous target improvements.

The port should continue the programme of auditing to improve the system and make the processes more effective at preventing loss and protecting the environment. Apply and reinforce selected proven initiatives. Consider various approaches such as \$ per millisecond (increasing the rate at which the core process adds value), lean, six sigma, reengineering and sustainable development to grow the company, empower its employees and shorten reliable chains of supply. Ensure that auditing is well accepted and integrated with the port's strategy for continuous improvement. Ensure improvement is driven more by employees, managers and the management review process rather than audit to protect the impartiality of auditors. The PDCA (Plan, Develop, Correct and Action) cycle must be used throughout.

### The certification option (if a market necessity).

Third-party certification of the system was originally intended to reduce the number of audits by customers. Ports may prize the fact that they conform to the international standards for management systems (ISO 9001, ISO 14001 and ISO 28000) by obtaining accredited certification. Note that the port itself is not certified. However, select the Registrar to enhance and protect the reputation of the port for the future. Ask clientele for their view of the prospective registrar.

Conduct an independent pre-assessment using a certified lead auditor to be sure of readiness before damaging the impartiality of the twice-accredited Registrar (once as a registrar and second for certifications in the port's industry). **ME**

**Captain Inderjit Arora** is president and CEO of Quality Management International, Inc (QMII) USA. He leads the team in consulting, training and implementing the PBMS approach. He can be contacted at [IArora@aworldofquality.com](mailto:IArora@aworldofquality.com)

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# Seafarer Welfare

# IMO

# Revises

# Working

# Conditions



## Piracy Petition

Four new organisations have announced their support for [www.endpiracypetition.org](http://www.endpiracypetition.org), the global e-petition that demands concrete action to end piracy.

The ASF (Asian Shipowners' Forum), ECSA (European Community Shipowners Associations), the ICMA (International Christian Maritime Association) and ICSW (International Committee for Seafarers' Welfare), are now also promoting the initiative to their members and beyond.

So far over 53,000 people have signed the petition, which will be used to put pressure on national governments to tackle piracy, and which is intended to attract half a million signatures by IMO World Maritime Day, September 23.

The petition is a joint campaign by BIMCO, ICS, IFSCA, IMEC, IPTA, Intercargo, InterManager, International Group of P&I Clubs, INTERTANKO, ISF, ITF, IUMI and SIGTTO as well as national shipowners' associations and trade unions worldwide.

A breakthrough in working conditions for watchkeeping personnel was achieved at an International Maritime Organisation (IMO) Diplomatic Conference held in Manila, Philippines from June 21-25. The conference also adopted revisions to the International Convention and Code on Standards of Training, Certification and Watchkeeping for Seafarers (STCW).

The Conference marked the first major revision to STCW since 1995, when the original 1978-Convention was completely revised.

There was a need to harmonise STCW requirements on rest hours with the requirements of the Maritime Labour Convention, 2006 (MLC, 2006), expected to enter into force in 2011.

Details of some of the provision are provided below.

The current rest hour provisions are part of the STCW Convention:

### Section A-VIII/1 of the STCW Code (Mandatory)

1. All persons who are assigned duty as officer in charge of a watch or seafarer on watch shall be provided with a minimum of 10 hours' rest in any 24 hour-period.
2. The hours of rest may be divided into no more than two periods, one of which shall be at least six hours in length.
3. The requirements for rest periods laid down in paragraphs 1 and 2 need not be maintained in the case of an emergency or drill or in other overriding operational conditions.
4. Notwithstanding the provisions of paragraphs 1 and 2, the minimum period of 10 hours may be reduced to not less than 6 consecutive hours provided that any such reduction shall not extend beyond two days and not less than 70 hours of rest are provided each seven-day period.
5. Administrations shall require that watch schedules be posted where they are easily accessible.

### Section B-VIII/1 of the STCW Code (Guidance)

In applying Regulation VIII/1, the following should be taken into account:

1. Provisions made to prevent fatigue should ensure that excessive or unreasonable overall working hours are not undertaken. In particular, the minimum rest periods specified in Section A-VIII/1 should not be interpreted as implying that all other hours may be devoted to watchkeeping or other duties;
2. That the frequency and length of leave periods, and the granting of compensatory leave, are material factors in preventing fatigue from building up over a period of time;
3. The provision may be varied for ships on short sea voyages, provided special safety arrangements are put in place.

### Rest hours for watch keeping personnel

Following the Manila amendments to STCW the rest hours will be as follows:

1. Officers who are assigned duty as officer in charge of a watch, or ratings, forming part of a watch, and personnel whose duties involve designated safety, prevention of pollution and security duties, shall be provided with a rest period of not less than 10 hours of rest in any 24-hour period and 77 hours in any 7-day period.
2. The hours of rest may be divided into no more than two periods, one of which shall be at least 6 hours in length, and the intervals between consecutive periods of rest shall not exceed 14 hours. **MG**

## Key Speakers

### Shri K Mohan Das

Secretary, Ministry of Shipping, GOI

### Dr P Vijayan

Vice Chancellor, IMU

### Mr Ashok Mahapatra

Head Maritime Training & Human Element Section, IMO

### Mr S Hajara

CMD, Shipping Corporation of India

### Dr Satish Agnihotri

Joint DG, Director General of Shipping

### Capt A K Bansal

Master Mariner

### Mr B Sridhar

Director, Bengal Tiger Lines, India

### Mr S N Srikanth

Sr. Partner, Hauer Associates

### Capt K Vivekanand

Pro Vice Chancellor, Vels University

### Capt S Bhardwaj

Vice Chancellor, AMET University

### Dr L R Chary

Advisor, AMET University and former Executive Director, Shipping Corporation of India Ltd

### Dr Brijendra K Saxena

Principal, Tolani Maritime Institute, Induri, Pune

### Capt K N Deboo

Director and Principal, Anglo Eastern Maritime Training Centre

### Capt K V John

Principal, Eurotech Maritime Academy, Cochin

### Mr Swapan Das Sarma

Director, Teledata Marine Solutions Ltd & President, International Maritime University, USA

### Capt Rod Short

Executive Secretary, GlobalMET Limited & Global Maritime Education & Training Association, New Zealand

### Capt Navin Passey

Managing Director, Wallem Ship Management (India) Pvt Ltd.

### Capt Rajesh Tandon

Managing Director & Operations Director, Manpower Services, V Ships India Pvt Ltd.



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Ports | Shipping | Logistics

September 3, 2010 | Taj Coromandel | Chennai

This conference will focus and deliberate on the global demand-supply outlook for skilled workforce for the coming decade, need for quality control of education, to understand seafarers' issues and recommend actions for industry, institutions and the government to drive the cause forward.

**Structure** : It will have three presentation sessions on specific themes followed by a panel discussion.

**Session I** : **Go to Sea**  
**Theme** : The dire need to promote shipping as a career

**Session II** : **Maritime Education in India and abroad**  
**Theme** : The educational career avenues in India and abroad

**Session III** : **Quality of Education**  
**Theme** : Quality of education in maritime institutes

**Panel Discussion** : **Building Human Resources for Maritime Sector**

**Theme** : The professional demands and needs of maritime industry

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## CIRTA 2010

# BLR gets best customer service award

**B**LR Logistiks, the Rs 250-crore Indian transportation company, received the CEAT India Road Transportation Award (CIRTA) for best customer service in Western India. The award was based on client satisfaction and the innovation made by the company to improve customer efficiency.

Managing Director of BLR Logistiks Ashok L Goyal received the award in Mumbai recently. At the selection stage, BLR presented case studies that ensured mutual benefit to itself and its customers such as reduced damage to cargo, lower transportation rates and higher customer satisfaction.

The CIRTA awards, which recognise excellence and innovation in the transportation sector at the regional and the national level, are given away each year for environmental conservation, personnel management, customer service, operational excellence, youth entrepreneur of the year and transport personality of the year.



Managing director of BLR Logistiks Ashok L Goyal (second from right) receiving the CEAT India Road Transportation Award for best customer service in Western India.

## India Retail Outsourcing Summit

# SCLC moots growth of supply chains

**S**trengthening of supply chain and sourcing channels as well as effective point-of-sale operation is topping board meeting agendas and has replaced front-end expansion as the top priority, noted India Retail Outsourcing Supply Chain & Operation Summit 2010. The Supply Chain Leadership Council's (SCLC) annual conference, attended by chief supply chain officers of Indian and foreign retail firms, manufacturers of FMCG, consumer electronics, lifestyle products and apparel as well as the CEOs of logistics services providers and top consultancies, agreed that the



Heads of retail and logistics firms participate in a discussion during the India Retail Outsourcing Supply Chain & Operation Summit 2010 in Mumbai.



Gautami Seksaria,  
Founder & Partner, SCLC

cleaning up of excesses in the industry is giving hopes of a saner approach to business.

Several retailers including Hypercity, Gini & Jony and the Loot admitted to having tried outsourcing their supply chain function to a professional 3PL in the early part of the last decade only to find challenges with that model. Gagan Seksaria, associate director, Transportation & Logistics, KPMG suggested that the scale and service that 3PLs in India are able to offer today is vastly different from a few years ago.

Juzar Mustan, CEO of AFL Logistics and Prasad ASR, head of brand distribution & services of Future Supply Chains shared one voice over the need for more and sensible outsourcing of retail supply chain management with greater autonomy for the 3PL and a longer term view. Marc Dragon, Supply Chain & Optimisation leader, IBM Asia Pacific shared his experiences on how cutting-edge technology if applied sensibly can inject cost and operational efficiencies in retail supply chains.

## 1Q Results

# SCI reports Rs 191-crore profit



(L to R) Kailash Gupta, BK Mandal, S Hajara - CMD, Umesh Grover, JN Das and Capt KS Nair during the announcement of SCI's first quarter results in Mumbai recently.

The State-run Shipping Corporation of India reported a net profit of Rs 191.49 crore for the quarter ended June 2010, against a profit of Rs 120 crore in the same period last year. Total income of the company went up to Rs 907 crore in the April-June quarter from Rs 883 crore during the corresponding quarter last year, said SCI CMD S S Hajara at a press briefing in Mumbai recently.

The company plans to raise Rs 2,600 crore debt this fiscal to buy additional 29 vessels, including 4 crudetankers, 7 product tankers, 10 bulk carriers and 8 offshore vessels, adding 1.72 million DWT to its existing fleet.

The proposal is to sell 10 per cent stake in the SCI through a follow-on public offer in the current financial year. While the Centre currently holds an 80.12 per cent stake in it, over 10 per cent is held by LIC and the remaining 3.15 per cent is with the public.

## New Mangalore Port

# Deputy chairman gets award

Deputy Chairman of New Mangalore Port Trust T S N Murthy, has been conferred with the Certificate of Appreciation for his outstanding work performed as the additional director of Income Tax at Belgaum during the Financial Year 2008-09, by the Central Board of Direct Taxes (CBDT), Mysore. Murthy received the award for the second consecutive year from N P Singh, chief commissioner of Bengaluru recently. According to a press release, his work has been published in the book titled, 'Let us Share – A compilation of Best Practices and Orders'.



Deputy Chairman of New Mangalore Port Trust T S N Murthy (L) receiving an award from Chief Commissioner N P Singh in Bengaluru recently.

## One Year Time Charter Rates

### Tankers

(all figures in US\$)

| Vessel Type      | July Low | July High | 2010 Low | 2010 High |
|------------------|----------|-----------|----------|-----------|
| VLCC (modern)    | 41,000   | 43,000    | 32,500   | 47,000    |
| Suezmax (modern) | 28,500   | 29,500    | 23,000   | 29,500    |
| Aframax (modern) | 19,250   | 19,750    | 17,500   | 20,000    |
| LR2 (105,000)    | 19,500   | 19,750    | —        | 19,750    |
| LR1 (80,000)     | 16,000   | 16,500    | 15,750   | 16,750    |
| MR (47,000)      | 12,500   | 13,500    | 11,500   | 13,500    |

### Dry Bulk Carriers

| Vessel Type        | July Low | July High | 2010 Low | 2010 High |
|--------------------|----------|-----------|----------|-----------|
| Capesize (150,000) | 22,000   | 24,500    | 22,000   | 34,000    |
| Capesize (170,000) | 24,000   | 28,000    | 24,000   | 39,000    |
| Panamax (75,000)   | 21,000   | 22,500    | 21,000   | 28,000    |
| Handymax (53,000)  | 18,000   | 20,000    | 15,000   | 28,000    |

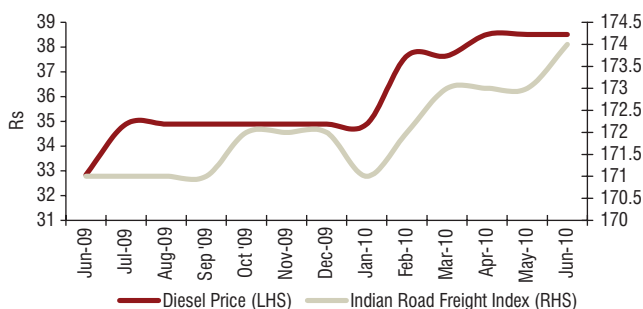
Source: Fearnresearch

### QUICK TAKE

The cost of delivering Middle East crude oil to Asia, the world's busiest route for supertankers is falling owing to a surplus of carriers seeking cargoes. Charter rates for very large crude carriers, or VLCCs, hauling oil on the industry's benchmark route between Saudi Arabia and Japan have slid by more than 3 per cent, according to the London based Baltic Exchange. Returns from the voyage slumped 13 percent to \$15,247 a day.

## Road freight outlook

The RFI indicates that the cost of hiring trucks from the spot market and diesel price is the major cost driver. Road freight rates have been revised in line with diesel prices but with a lag effect. This will be beneficial for road transport players like TCI who hire around 1,800 trucks from the spot market on a daily basis. However, freight charges have been hiked thrice in the past six months in February, March and June 2010. Some large players like TCI have not yet completely passed on the same to their customers. Going forward, freight rates will be at current levels till any further hike in diesel prices.



Source: ICICIdirect.com Research

## Global order book size

| Asset Class | 2010 | 2011 | 2012 | 2013 | Total Order Book |
|-------------|------|------|------|------|------------------|
|-------------|------|------|------|------|------------------|

### TANKERS

|                 |            |            |           |          |             |
|-----------------|------------|------------|-----------|----------|-------------|
| VLCC/ULCC       | 71         | 88         | 13        | 0        | 172         |
| SUEZMAX         | 44         | 57         | 9         | 1        | 111         |
| AFRAMAX         | 83         | 49         | 7         | 3        | 142         |
| PANAMAX         | 29         | 36         | 2         | 2        | 69          |
| MR TANKERS      | 192        | 114        | 17        | 2        | 325         |
| 0-35K DWT       | 183        | 62         | 13        | 1        | 259         |
| <b>Total(a)</b> | <b>602</b> | <b>406</b> | <b>61</b> | <b>9</b> | <b>1078</b> |

### BULK

|                          |             |             |            |           |             |
|--------------------------|-------------|-------------|------------|-----------|-------------|
| CAPE SIZE                | 328         | 217         | 103        | 36        | 684         |
| 80-100k                  | 192         | 187         | 62         | 23        | 464         |
| PANAMAX                  | 84          | 65          | 35         | 9         | 193         |
| SUPRAMAX                 | 363         | 245         | 73         | 7         | 688         |
| HANDYMAX                 | 301         | 249         | 103        | 9         | 662         |
| <b>Total(b)</b>          | <b>1268</b> | <b>963</b>  | <b>376</b> | <b>84</b> | <b>2691</b> |
| <b>Total Vessel(a+b)</b> | <b>1870</b> | <b>1369</b> | <b>437</b> | <b>93</b> | <b>3769</b> |

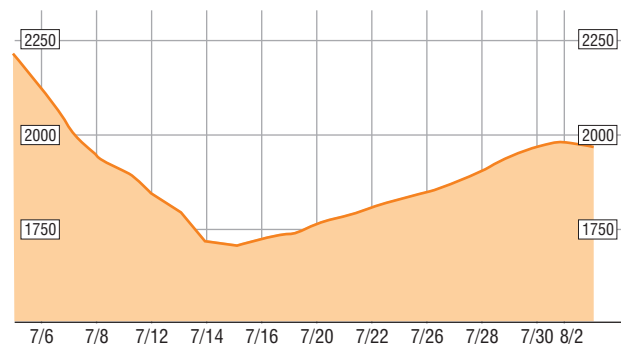
Source: Bloomberg, ICICIdirect.com Research

## Baltic Dry Index

The Baltic Dry Index which tracks rates to ship dry commodities, is rising after a disastrous fall in the last two months. The Baltic's main index has been erratic this year, similar to 2009, because of swings in Chinese demand for iron ore, the primary ingredient of steel.

After a steep collapse of nearly 60 per cent in 35 days, a recovery of just 8 per cent has been made. Rise of shipping. However, according to the Lloyd's, gains were likely to be modest until stronger demand, especially for iron ore, pick up in the fourth quarter.

Average capesize earnings are rising to \$15,000 a day. Capesizes typically haul 150,000-tonne cargoes such as iron ore and coal. Panamax average daily earnings are rising to \$21,515.



## Tanker freight rates:

Tanker Segment (in US\$)

| USD/ day | Q1FY11 | Q1FY10 | YoY(%) | Q4FY10 | QoQ(%) |
|----------|--------|--------|--------|--------|--------|
| VLCC     | 42,000 | 36,000 | 16.7   | 34,800 | 20.7   |
| Suezmax  | 30,000 | 28,000 | 7.1    | 22,270 | 34.7   |
| Aframax  | 19,000 | 17,500 | 8.6    | 13,800 | 37.7   |
| Product  | 10,500 | 17,000 | - 38.2 | 4,126  | 154.5  |

## Financial Results

### Shipping Corporation of India

- Net Profit after tax Rs 191.49 crore up by 59.68%
- Total Income Rs 906.52 crore up by 2.69%
- Profit from Operations (before other income & interest & exceptional items) Rs 121.60 crore up by 177.88%.
- Earning Rs 4.52 on a face value of Rs 10 per share.
- Dividend of 50% proposed for the year 2009-10 (subject to approval of AGM).

### Great Eastern Shipping (Consolidated)

- Net Profit after tax Rs 171.80 crore down by 11.43%
- Total Income Rs 727.58 crore down by 17.84%
- EBITDA at Rs 385.21 crore up by 20.76%.
- Earnings per share at Rs 11.28
- Cash profit per share at 18.16

### Tonnage movement during 1Q of 2010-11

- The Company and Hyundai Heavy Industries Ltd (the yard) mutually agreed to modify the contract of building 2 Suezmax tankers to 3 Very Large Crude Carriers (VLCCs). These vessels will be delivered in H1CY'12.
- The Company delivered its 1996 built Suezmax crude carrier 'Jag Layak' to the buyers.
- The Company delivered its 1985 built General Purpose (GP) product carrier 'Jag Palak' to the buyers.
- The Company delivered its 1985 built Medium Range (MR) product carrier 'Jag Pavitra' to the buyers.

#### QUICK TAKE

Unlike the dry bulk segment, tanker rates, though not extremely good, they have been firming up steadily. So, this market is expected to move further in the coming months. But the rates are expected to firm up by end of 2011.

Statistics from China Customs show that in the first five months of this year, China's total import and export value was US \$ 1,100.09 billion, up 44 per cent year on year. China's foreign trade value is expected to grow over 15 per cent in 2010.

## Tonnage Movement during 1Q of 2010-11

### Shipping Corporation of India

- One VLCC and three MR Product Tankers were added to the fleet in 2009-10.
- One LR 1 Product Tanker added to the fleet in July 2010
- SCI expects to add 14 more ships in 2010-11 comprising of 5 LR 1 Product Tankers, 2 LR 11 Product Tankers, 4 Aframax Tankers and 3 Anchor Handling Tug & Supply vessels
- Eight vessels were scrapped in 2009-10 comprising of 2 product tankers and 5 crude tankers and 1 bulk carrier. 1 crude tanker and 2 product tankers scrapped during April – July 2010.
- With the addition and disposal of the above tonnage, the total owned fleet of SCI currently stands at 74 vessels of 5.01 million DWT. In addition SCI also manages 69 ships for various government and other organizations.
- The total vessels on order is 29 adding up to 1.72 million dwt

## Market outlook for tanker & bulk segments

Average One Year Time Charter rates earned in various categories in Q1 FY'11:

(in US\$ per day)

|                              | Q1'FY11 | Q1'FY10 | % Chg |
|------------------------------|---------|---------|-------|
| Crude Carriers               | 20,444  | 23,819  | (14)% |
| Product Carriers (Incl. Gas) | 15,485  | 17,088  | (9)%  |
| Dry Bulk                     | 24,484  | 19,489  | 25%   |

#### Tanker Market:

Early signs of a return to growth in US oil demand and better fortunes for US refiners has meant refinery throughput in the US has rapidly bounced back to mid 2007 levels and that crude imports are up by a 1.6 million b/d over the past 6 months. In addition to this, single hull phase out and the orderbook slippages will provide a support to the crude tanker market. However, the pace of recovery in the tanker market will largely depend on how US & European economies perform. On the product tanker space, the strongest growth region remains Asia, where product imports are expected to witness 6% annual growth compared to 2009. US gasoline demand is also likely to show some improvement in the months ahead.

#### Dry Bulk Market:

In the last few weeks, there has been a considerable slowdown in Chinese imports. The dry bulk market is likely to struggle to absorb the high supply of new deliveries that are expected to hit the market in next one and half year. As per some estimates, 16% fleet growth is expected this year after factoring in slippages. Whether demand for commodities match up to this, remains the key question for this sector.

Source: GE Shipping

# Propelling Efficiency

High performance propeller designs usually involve a compromise between increased efficiency and reduced vibration levels. Differences in rudder resistance are significant, especially when small corrective steering forces are used to keep a vessel on course. Wärtsilä's Energopac is an easy-to-install rudder/propeller combination that features a rudder bulb located behind the propeller hub. The bulb is mounted on a custom-designed full-spade flap rudder. As each Energopac installation is designed to fit a specific vessel, it can be fully optimised for energy efficiency without compromising manoeuvrability or comfort levels. In transit conditions, where only relatively small steering angles are required to keep the vessel on course, the rudder bulb remains within the shadow of the fairing cap wake. Reductions in fuel consumption depend on the vessel type, its operational profile and also on the reference propeller and rudder.



## Cost Cuts

**Fuel** : Close to 4 per cent power in design condition.

**Money** : More than US\$ 120,000 annually (at fuel prices in July 2010).

Photo: Wärtsilä

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



### **SMM Shipbuilding, Machinery & Marine Technology** Hamburg, Germany

**September 7-10**

The trade fair offers nearly 2,000 exhibitors from all continents and 50,000 visitors a platform to present and view the latest technology and product developments for the maritime sector. It serves as a trend show and a focal point for knowhow transfer worldwide.

[www.hamburg-messe.de](http://www.hamburg-messe.de)

### **5th Southern Asia Ports, Logistics & Shipping 2010 India**

The Leela Kempinski Hotel Mumbai, India

**September 16-17**

The two-day conference and exhibition will invite 500 senior executive attendees from over 20 countries consisting of the world's leading maritime companies to analyse the latest global container transportation and logistics issues in the Southern Asian region and its impact on global shipping and trade.

[www.transportevents.com](http://www.transportevents.com)

### **India Shipping Summit** Mumbai, India

**September 24-25**

The conference and exhibition bring together 500 senior decision-makers for a powerful networking besides serving as a forum to address the most topical issues affecting India's shipping industry, such as port infrastructure challenges, reduced money flow, charter party failures, container market vulnerability, management models and technological advances.

[www.indiashippingsummit.com](http://www.indiashippingsummit.com)



### **gateway KNOWLEDGE FORUM** Idea Exchange for Business Innovation

#### **India Bulk & Project Cargo Summit** Taj Bengal, Kolkata, India

**August 20**

The event highlights all the issues involved in the transportation of bulk and project cargoes and looks at bringing together the all the stakeholders like port terminals, transporters, transport authorities and users on to a single platform to express their views and build efficient business relationships.

[www.maritimegateway.com](http://www.maritimegateway.com)

#### **India Maritime HR Summit** Taj Coromandel, Chennai, India

**September 3**

The conference attempts to spread the IMO message of 'Go to Sea' and raise awareness of seafaring as an exciting and rewarding career. Industry players, both national and international, experts and government representatives will share their working knowledge and information.

[www.maritimegateway.com](http://www.maritimegateway.com)

#### **Wista 2010** Greece

**September 29-Oct 1**

Women's International Shipping and Trading Association will facilitate first-hand information and exchange of ideas with decision makers and key leaders in the shipping industry worldwide.

[www.wistaconference.org](http://www.wistaconference.org)

#### **Seatrade Middle East Maritime** Dubai Int. Convention & Exhibition Centre

**Oct 26-28**

The exhibition and conference in the UAE brings together the global ship owning community with ship equipment, product and service suppliers.

[www.seatrade-middleeast.com](http://www.seatrade-middleeast.com)



#### **ADIPEC 2010** Abu Dhabi, UAE

**Nov 1-4**

Abu Dhabi International Petroleum Exhibition and Conference will bring 1,500 exhibitors from around the world with their extensive ranges of products and services in oil and gas.

[www.adipec.com](http://www.adipec.com)

#### **9th International Oil and Gas Events and Conference**

New Delhi, India

**Oct 31-Nov 3**

It is a biennial platform for global hydrocarbon industry to deliberate and exchange ideas on petroleum economics, security, sustainability and environmental concerns, emerging technologies, processes and chart new directions for the industry.

[www.petrotech.in](http://www.petrotech.in)



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# INTRODUCING A TRANSHIPMENT HUB THAT WILL CATALYZE **KOCHI** INTO AN ECONOMIC POWERHOUSE

Equipped with the latest technology and supplemented with the expertise and know-how of the world's leading container terminal operator, the International Container Transshipment Terminal (ICTT) at Vallarpadam is going to revolutionize international trade in India and once again restore Kochi as one of India's key propellers for future development.

The terminal when operational in 2010, will provide faster and more efficient solutions to customers in India, and will reinforce Kochi's reputation as an all weather port with a draft of 14.5m, strategically located on the major global East-West trade route.



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