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**Visakha Container Terminal:
A Million teu by 2020**

DESTINATION EAST COAST

India's east coast is emerging as a main cargo hub for the country's trade. Rich in mineral resources and moving at a faster pace on industrialisation, the share of states on east coast, such as Tamil Nadu, Andhra Pradesh and Odisha, in India's EXIM trade is growing.

Robust demand for commodities like iron ore in international market and the increasing requirement of coal for fueling power plants are further expected to boost the country's trade through east coast, especially, with China and other South East Asian countries.



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East coast in focus



It is that time of the year again. And, we are all geared up for the second edition of the 'East coast Summit' in Visakhapatnam.

It was more of an experiment when we decided to organize the first summit last year – showcasing the opportunities and challenges on India's east coast. The response to our first summit was phenomenal. It proved that the entire maritime fraternity solidly believes that the east coast is set to rise and in the coming years the country's trade equilibrium will shift

in favour of east coast.

So, the success that followed our efforts gave us the courage to make a conscious decision – to make east coast summit an annual event. Taking into consideration the importance of the east coast and its significance due to the country's increasing trade with South East Asian countries, especially, China, it is time we look at the opportunities and challenges that are set to unfold on east coast.

Considering that the maritime community is quite enthusiastic about tapping the east coast potential, this kind of a platform will help various stakeholders to come together and discuss their perspective on major challenges and new strategies.

Summit will help arrive at 'out of the box' solutions that can offer new insight and fresh perspective on existing problems.

The summit is all the more important as it is being organized at a time when the industry is faced with difficulties related to global economic slowdown and weakening growth at the domestic front in India. We believe the summit and the brainstorming sessions will help arrive at 'out of the box' solutions that can offer new insight and fresh perspective on existing problems.

When the industry is looking at bringing down cost and improving efficiency, a forum like this, where the best minds in the industry will come together, can churn out 'hitherto unknown' strategies to not only explore the opportunities on east coast but also in driving the country's trade growth.

So, it was indeed a great beginning for us last year. We are sure this time again the summit will demonstrate the commitment of the maritime community to become an integral part of the east coast growth story.

The way forward will be to keep up this commitment and renewed focus on the east coast. We hope the summit will work as a catalyst to the growth of the east coast. We also believe that the government will realize the importance of east coast and its importance in India's overall economic growth. As a result, policy measures to boost the potential of east coast may not take too long.

Ramprasad

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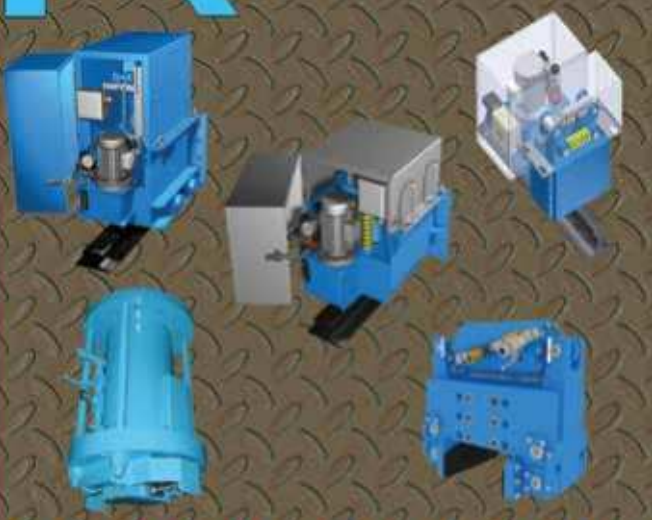


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COVER STORY

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DESTINATION EAST COAST

India's east coast is emerging as a main cargo hub for the country's trade. Rich in mineral resources and moving at a faster pace on industrialisation, the share of states on east coast, such as Tamil Nadu, Andhra Pradesh and Odisha, in India's EXIM trade is growing.



A million teu by 2020 34

VCT, which has been recording a CAGR of 23.04 per cent during the last five years, is looking at retaining the growth momentum. The terminal aims to handle container volumes of a million teu by 2020.



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Principal Secretary, Department of Industries and Commerce and Commissioner of Industrial Promotion, Government of AP



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KPCL expects to handle 45 million tonnes of cargo throughput in 2014-15 while its container volumes may touch 1 million in five years.

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States including Bihar, Chhattisgarh and Jharkhand need a serious push in infrastructural development in order to boost cargo activities, exports and imports.

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The Government has prioritised the use of gas for fertilizer plants and Indian fertilizer manufacturers are increasingly upping their raw material import to compensate for what they can not find back home.

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DCI is looking at maintenance dredging contracts abroad besides increasing its share to 80 per cent in Indian market.

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Solar boat crosses Atlantic, sails into Paris

The world's largest 102-foot-long solar-powered boat *Turanor PlanetSolar* has docked on the banks of the Seine River after a three-month voyage across the Atlantic Ocean to study how the Gulf Stream and climate change could influence each other. The \$20-million PlanetSolar's deck is covered with photovoltaic panels that charge a gigantic lithium ion battery. The vessel can last on battery power for up to four days if there's no sun.

G K Vasan inaugurates maritime academy

Union shipping minister G K Vasan inaugurated the Maritime Training Institute at Tuticorin. The training institute set up by the Shipping Corporation of India, Mumbai, in collaboration with V O Chidambaranar Port Trust would benefit people of Tamil Nadu who are keen to enter maritime industry.

Amitabh Verma appointed Chairman, Inland Waterways Authority

Senior IAS officer Amitabh Verma has been appointed Chairman of Inland Waterways Authority of India. Verma, a 1982 batch IAS officer of Bihar cadre, has been appointed in the rank and pay of Additional Secretary in place of Vishwapati Trivedi who has taken over as Secretary in Ministry of Shipping.

Port of Amsterdam looking at opportunities in Chennai

Port of Amsterdam is now looking at opportunities for investments in India, including Chennai city, with more focus on building barges, inland terminals and dry ports. Speaking at an interactive session organised by the Southern India Chamber of Commerce and Industry recently in Chennai, the head of the Port of Amsterdam delegation and the port's chief operations officer Koen J Overtoom said that the port is now targeting BRIC nations and more particularly India.

Special VRS packages for 12 major ports to reduce losses

Concerned over declining profit margins of 12 major ports, the government has taken a number of steps, including special VRS drives, to reduce surplus manpower, Lok Sabha was informed. Profit of major ports declined by about 30 per cent to ₹1,220.61 crore in 2012-13 over the previous fiscal, Shipping Minister G K Vasan said in a written reply to Lok Sabha.

Mumbai Port to set up marina for expensive yachts

Mumbai Port Trust is working on its first marina project that will provide a corner for boats and yachts to be secured. ₹40 crore will be spent initially on the Mumbai marina, which will have a parking space for 150 to 200 boats and yachts. Like its international counterparts, it will have fuelling, repair and maintenance facilities.

Better infra will drive growth in FY14

In order to ensure growth, Gujarat Pipavav port has upgraded infrastructure to carry double-stack high-cube containers. This step will help it reduce transportation cost and enhance operational capacity. The AP Moller-Maersk group company's June quarter profit more than doubled to ₹35.24 crore on higher container and bulk cargoes. Better infrastructure is likely to benefit shippers, consigners, shipping lines and rail operators.

Iron ore imports set to rise 67% to 5 mt in FY14

The domestic steel industry, which is facing acute shortage of iron ore, is likely to increase its dependence on imported iron ore for this year as well. The steel industry imported 3.05 million tonnes (mt) of iron ore in 2012-13, mainly for port-based steel mills. On account of reduced iron ore production and regional shortages of iron ore last year, major steel units like Essar Hazira, Bhushan Steel and JSW Ispat had to resort to imports of iron ore. Compared to 970,000 tonnes of iron ore imported in 2011-12, the imports in 2012-13 have gone up 3.1 times. However, during the current financial year, iron ore imports are likely to go up 67 per cent to around 5 mt. This is mainly due to lower production of iron ore domestically.



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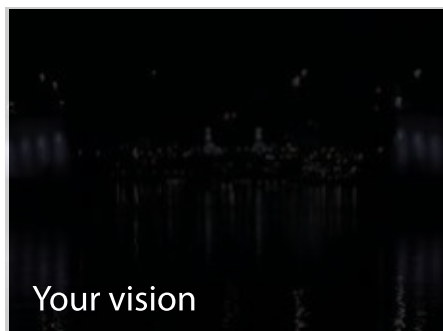
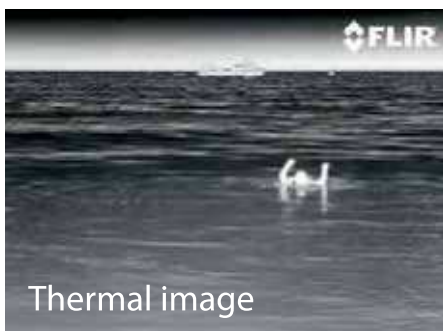
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Kolkata Port Trust to relax contract terms for Haldia berths 2 & 8

Kolkata Port Trust (KoPT) said it is relaxing the terms like allowing the operator to bring in the old mobile harbour crane to reduce cost for the new operator in the Haldia berths 2 & 8 and few other things have been done, he added. KoPT had failed to fill the void created after the pullout of Haldia Bulk Terminals (HBT), a joint venture with French company LDA and ABG Group, from the two docks citing law and order issues.

Sri Lanka's Hambantota Port greets 100 RO-RO vessels

Sri Lanka's Hambantota Port has welcomed its 100th roll-on-roll-off car carrier this month when 'Istra Ace', a vessel operated by Mitsui OSK Line called at the port. SLPA chairman Priyath Wickrama said the port has built a reputation as one of the most efficient and reliable ports in the region. So far the port had handled 35,000 units of which nearly 15,000 were for transshipment.

New shipping service to Myanmar

Thailand's international trade is expected to receive a significant boost now that a direct shipping service from Bangkok to ports in Myanmar has been opened. The service utilises freight ships operated by a joint venture between Chinese and Thai companies, which recently set up a new firm named Golden Sea Shipping. Behind the venture is the newly established Thai-Chinese culture and relationship council which has played an important role in bringing to fruition this new, lucrative shipping service.

Myanmar earns over \$ 840 million from agricultural export

Myanmar has earned over \$ 840 million from beans and pulses export, according to the Ministry of Commerce. Myanmar exported over 1.39 million tonnes of agricultural products worth over \$ 845.3 million from April 1 to August 23 in 2013-2014 fiscal year. Over 42 million tonnes of agricultural products were exported and Myanmar earned over \$ 2 billion in last fiscal year 2012-2013.

In this fiscal year, the export volume of rice and rice-related product is over \$ 138 million and beans and pulses is over \$ 340 million. Myanmar products are being exported not only by shipping but also through border trade routes through Myanmar-China border areas like Muse, Chin Shwehew, Kanpaiktee and Myanmar-Thailand border area such as Myawady, Tarchilek, Kawthoung and Myeik, and Sittway, Maungdaw in Myanmar-Bangladesh and Myanmar-India border area.

Commerce ministry seeks iron ore export easing

The commerce and industry ministry will soon move the Cabinet Committee on Economic Affairs (CCEA) over resumption of iron ore exports. The move, prompted by the unprecedented depreciation of the rupee, is aimed at augmenting the foreign exchange reserves.

The draft Cabinet note, floated by the commerce department under the commerce and industry ministry last month, did not receive a positive response from the steel ministry, which is of the view that any step towards resumption of iron ore exports would adversely impact the domestic steel industry. However, the commerce department is confident that with a "considerable support" both from the Prime Minister's Office (PMO) and the finance ministry, the proposal will be taken up by this month and will also pass through.

Kochi Port to gain from river sea barges

The latest notification of the Director General of Shipping permitting river sea barges to carry cargo along the coast, is expected to significantly benefit Kochi Port's bunkering operations. Hitherto, only Merchant Ship (MS) class barges were permitted to carry bunkering in the monsoons. But MS class barges are a lot costlier because of the high cost of construction, maintenance under class and manning. Bunkering volumes of the port had increased from 30,000 tonnes to 1.15 lakh tonnes in the last fiscal.

Because of the relatively small volumes, only vessels registered under the Inland Vessels Act were being deployed. These vessels are not permitted to go beyond the Vypeen Gut in the monsoons when the sea gets rough. This break in continuity of bunkering during monsoons dampens the marketing tempo of the bunkering business. Inducting RSV barges into bunkering will effectively reduce the cost of bunkering. A number of barge owners are now actively taking up conversion of their barges to RSV class, the officials said.

EAST COAST RAILWAY REGISTERS HIGHEST LOADING

After a commendable show in freight loading and earning in 2012-13, East Coast Railway (ECoR) said it has achieved record revenue loading performance to become the highest freight loading zone of Indian Railways this fiscal. During the first five months of the current fiscal, ECoR has loaded 61.83 million tonnes (mt) of freight as compared to 52.28 mt achieved in the corresponding period of last year by registering an increase of 18.3 per cent. The incremental loading of East Coast is the highest in Indian Railways surpassing loading figure of South East Central Railway (60.98 mt) and South Eastern Railway (55.47 mt) of freight till August.





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VOICES



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- G K Vasan
Union Minister for Shipping on Sethusamudram project



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- Mohammed Sharaf
Group Chief Executive, DP World



Exports are on a positive, firm terrain now. There will be an effective turnaround. There is no need for gloom. 🗨️

- Anand Sharma
Union Minister for Commerce and Industry



We are rethinking of lifting the ban on approving new maritime training institutes to increase the intake of students to address the shortage of training berths for students. The ban was imposed some two years ago. 🗨️

- Gautam Chatterjee
DG Shipping

NUMBERS

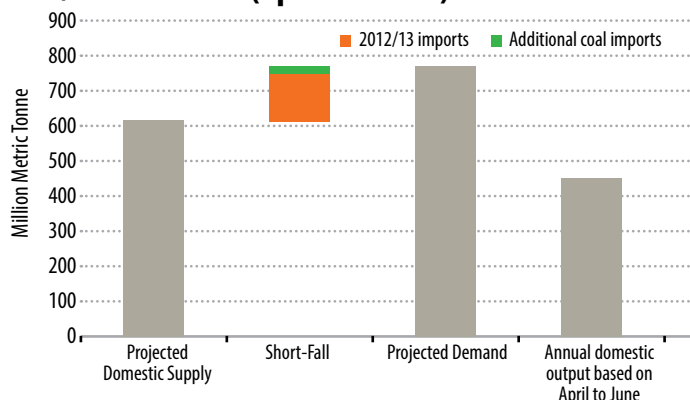
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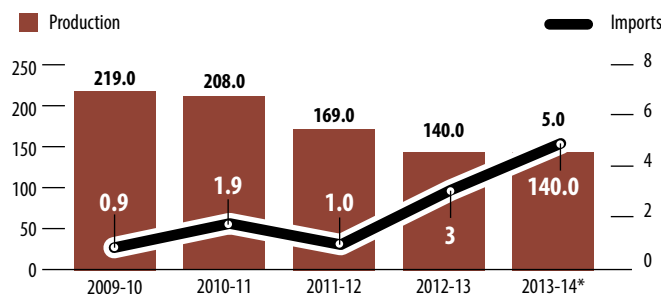
2013/14 Fiscal Year (April to March) India Coal Facts



Source: Golden Ocean Group, Platts

Gaining Strength

Iron ore production & imports (In million tonnes)



* Projections

Source: JSW Steel



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India to link Myanmar Port to boost connectivity with ASEAN

In its push for greater connectivity with ASEAN countries, India is focussing its attention on a deep-sea port in southern Myanmar that would provide a much shorter sea route to the economically vibrant Southeast Asian region and help boost trade.

The Dawei deep sea port and special economic zone is slated to give a huge boost to connectivity and trade in the Southeast Asian region when it is commissioned in a few years. The \$8-billion project is being developed jointly by Myanmar and Thailand. "The Dawei deep sea port, when complete, will provide India an alternative sea route to Southeast Asia and reduce dependency on the congested Strait of Malacca and cut transport time," an official told agency.

The Dawei Port is part of the southern corridor of the Mekong India Economic Corridor. India is concentrating on the southern economic corridor, which would connect Ho Chi Minh City in Vietnam, Phnom Penh in Cambodia, Bangkok in Thailand to Dawei in Myanmar. "When Dawei port is ready, India is planning to connect it with Chennai. There will be no need to go through the Strait of Malacca then," said the official, unwilling to be named.

During Prime Minister Manmohan Singh's visit to Thailand last May, the Thai government invited Indian business to invest in the Dawei Special Economic Zone, especially in areas where Indian companies have expertise, such as steel, manufacturing, power, petrochemicals and services.

Thailand's construction giant Italian-Thai Development Co has been involved in construction of the deep-sea port, which is designed to accommodate ocean-going cargo ships that pass through the Indian and Pacific oceans, cutting short the maritime distance over a relatively long detour via Singapore. The Dawei Special Economic Zone Development Co, jointly owned by Thailand and Myanmar, will be assigned to run the project.

The Greater Mekong sub-region also has a North-South corridor linking cities of the Mekong basin countries – Cambodia, Laos, Myanmar, Thailand and Vietnam

– to China. But India is not keen to join this. "That corridor cuts across to China and India is not very keen to join it," said the official. India is involved in the 1,400-km Trilateral Highway, linking India, Myanmar and Thailand, that is slated to become a reality by 2016.

The highway – from Moreh in Manipur to Mae Sot in Thailand via Myanmar – would open up India's landlocked northeast to Southeast Asia. The project is being funded by the Asian Development Bank. The highway is expected to allow freight and container trucks to move across the borders from India to Myanmar and Thailand and play a crucial role in boosting trade and investment in the three countries.

The Kalewa-Yargi section of the highway in Myanmar, which India has offered to upgrade, is facing some problems due to the hilly terrain, said the source. "The major chunk of the Trilateral Highway has been completed. On the Kalewa-Yargi section and

upgradation and repairing of 71 bridges, which India had agreed to undertake during Manmohan Singh's visit to Myanmar in May 2012, work is on," the official added.

India and the 10-nation ASEAN countries of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam have a combined population of 1.8 billion, which is one-fourth of the global numbers. The combined GDP of India and the regional bloc is around \$3 trillion. Among other connectivity projects with the bloc, India is also helping Myanmar upgrade the 160 km Tamu-Kalewa-Kalemyo road, repairing 71 old bridges in Myanmar, besides building the Kaladan multi-modal transit transport project.

The Kaladan project, expected to be completed in 2014, will connect Kolkata Port with Sittwe Port in Myanmar by sea and also link Sittwe to Mizoram via river and road transport.



Spain threatens to clamp down on Gibraltar's ship refuelling industry

Spain launched another broadside against Gibraltar announcing plans to curb the practice of 'bunkering' in its waters in the latest escalation of the diplomatic row over the British territory. Mr Arias Canete, Spain's minister of agriculture, food and environment insisted that bunkering was a danger to the marine environment and should be prevented from taking place in waters registered as EU nature protected sites. Earlier this year, Spain approved legislation banning permanently-anchored fuel storage tankers from operating in its protected waters and included the disputed waters around the Rock in its framework.

Shell adopts daily helicopter overfly to check illegal bunkering

Amid the worrisome increase in the incidence of pipeline vandalism and illegal bunkering in the Niger Delta that appears to have defied all efforts, the Shell Petroleum Development Company (SPDC) has resorted to using daily helicopter overfly to check the devastating illegality.

Though considered a very costly approach to tackling the economic and environmental menace that has greatly undermined Nigeria's oil and gas industry, the Shell authorities said the daily overfly of its facilities in its East and West operational areas was meant to furnish the company with daily cartographic information about the area.

Rising dollar creates fuel cost worries for shipping companies

Shipping companies which are already reeling under subdued freight rates and oversupply of vessels are worried over rising fuel costs as the dollar becomes more expensive. Shipping Corporation of India (SCI), for the first time has decided in its board meeting to go for partial bunker hedging. While most companies feel that they are hedged against the currency crisis since the sector deals in dollars only. However, because the outgo is also in dollars, the rupee depreciation has not meant huge benefits. For coastal shipping, there is an added challenge as far as bunker goes. The increase in price of high speed diesel has made it less competitive to the road transportation which has subsidized diesel.



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DP World's throughput highest ever in August

DP World registered its highest ever throughput at the Vallarpadam International Container Transshipment Terminal in August, touching 39,003 twenty-foot equivalent units teu against 37,363 teu in July last year. The terminal operator also handled 49 vessels in August, which is the highest ever in any month, the previous highest being 47 vessels in July last year. The arrival of mainline services of Maersk Line and PIL from West Africa, carrying raw cashew for local Kochi delivery as well as transshipment to Tuticorin and Mangalore have also contributed to the increased throughput, officials at the Kochi Port said.

The mainline services such as AME, operated by ZIM Line and the NEMO service by CMA and Hapag Lloyd, have started attracting cargo from Bangalore, Coimbatore, Tirupur, Salem and other

manufacturing centres in South India.

Recently, ZIM Line brought a direct call of one of its vessels from Kingston in the Caribbean for transshipment to China, Tuticorin and Nava Sheva, thereby demonstrating the capability of ICTT as the future transshipment hub of the region. The vessel Finisterre brought in approximately 1,800 containers for Kochi, of which 90 per cent were for transshipment.

The rail services from Bangalore had also picked up with the terminal handling five trains in August with approximately 700 teu vis-à-vis two trains in August last year with approximately 248 teu. The domestic containers arriving from ports in Gujarat to Vallarpadam have now started using the rail services to Bangalore, which are safer and faster than using roads, the officials said.

New waterways between India, Bangladesh possible: Study



New waterways between India and Bangladesh can be achieved by connecting two of the rivers of Tripura with as many rivers of Bangladesh, according to a study by the Rail India Technical and Economic Services (RITES). RITES has submitted the Detail Project Report (DPR) after conducting a feasibility study for creating new inland water transport between the Ghumti and the Howrah rivers in Tripura with Bangladesh's Meghna and the Titus rivers.

PPP model for development of NW-4 and NW-5

The government has started conducting hydrological surveys to start the development of India's fourth and fifth inland navigation routes – called National Waterways 4 & 5 – in South India and East India.

The Inland Waterways Authority of India (IWAI) is already developing three other waterways, Allahabad – Haldia, Sadiya – Dhubri (both in Ganga/Brahmaputra complex in the East) and Kottapuram – Kollam in Kerala. However, unlike the first three, the fourth and fifth waterways will be developed in a PPP (public private partnership) model, with private companies also making investments.



Launch of Maritime Security handbook

The Nautical Institute has launched Maritime Security handbook: coping with piracy, written by Author Steven Jones MSc BSc (Hons), which focuses on the people who have to cope with piracy – seafarers, shore-based staff and those working in the maritime security industry. It gives practical guidance on preparation and training before entering a high risk area, self-protection measures while within it and survival strategies if taken hostage. This includes the effective implementation of the industry's Best Management Practices (BMP), the onboard implications of taking on armed guards, building a disciplined and supportive onboard team and ensuring immediate action ashore should the worst happen.





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'Bengal politicians' myopic vision affected infrastructure development'

Analysts and economists believe Bengal's failure to view the big picture and put the state before politics came in the way of its development as a gateway to the far east and southeast Asia.

Proposed in the 1990s when Manmohan Singh was finance minister, the 'Look East' policy fizzled out as Jyoti Basu-led Bengal failed to embrace the idea and engage with the Centre to develop its infrastructure.

"We lacked vision and failed to grab the opportunity when it came. The Centre was willing to invest in development of roads, port, rail and other infrastructure but we did not respond because politically our relations were estranged. Kolkata could have become the gateway and developed into a leading city. Instead, we became a laggard. Putting politics before development was a bad idea but we have learnt no lesson," said Bengal Chamber president Kallol Datta.

Economist Dipankar Dasgupta believes Bengal would have benefited immensely with an improved road network and better port facility. "If India as a whole were to look east, then the window would have to be through Bengal. Of course, it has to include the other eastern states and the northeast. But Bengal failed to understand and grasp the situation," he said.

National Highway 34 connecting south and north Bengal that then links the rest of northeast and will in future connect to the proposed tri-lateral highway – is in a pathetic state. It takes nearly 12 hours to do the 450 km stretch, a distance that should be covered in five hours. The situation at Kolkata Port and Haldia dock complex is worse. Lack of proper dredging has reduced draft to alarming levels. The deep sea port proposed at Sagor is yet to take off.

The only bright spot is the airport. The city now has an international passenger terminal that is world class and a modern cargo complex. But with not much economic activity in the region, it gets barely 250 tonnes of cargo a day against 700 tonnes at Delhi, 750 tonnes at Mumbai and 600 tonnes at Bangalore

airport. "Infrastructure wise we have nothing. There are no roads, no ports. In China, even small towns have six lane highways. They are doing so for future. We do not have the vision to look beyond the present," said economist Abhirup Sarkar.

However, the state alone is not to blame; the Centre also failed to drive the 'Look East' agenda. India stayed away from groupings that evolved at the time and failed to enter free trade agreements with eastern neighbours. "We should have taken note that Thailand, Singapore, Malaysia had shown great ability to progress along the path of economic development. The miraculous growth performance of the East became a talking point. But we continued to look westward, believing that if we imitated the West, we would make progress," he said.

Indian Chamber of Commerce & Industry director general Rajiv Singh agreed. "India as a country was so much fascinated by west, giving too much importance to Pakistan, during 1990s and up to 2005, we either completely ignored or did not give due importance to the Look East policy," he said.

Sources in the bunkering business said that the notification would enable seamless transition of goods from inland waterways by river sea craft and integrate the sea segment of the supply chain. This will also provide an additional means of hinterland connectivity for transport of goods into the country.

India raises its game in Myanmar, opens Export Import (EXIM) Bank office

The Export Import (EXIM) Bank will open a representative office in Yangon, former capital and commercial centre of Myanmar, as India refashions its relations building diverse layers of contact with the Southeast Asian country that will chair the ASEAN bloc next year.

The setting up of the EXIM Bank office is a follow up on Prime Minister Manmohan Singh's visit to the country in May last year during which India signed a credit line of \$500 million to build railway and irrigation projects. India has also sanctioned another \$250 million for various other projects. There also plans to use the credit scheme under the National Export Insurance Account operated by the Bank under which government agencies can import goods and services from India.

India is stepping up its development cooperation in light of Myanmar's continuing reform process and its age-old interconnectedness. The spread of ideas and trade across India's east coast, from Bengal, Odisha and Tamil Nadu go back to millenia and as author Thant Mint-U points out, that influenced its religion, language and culture.

Companies that are upbeat about Myanmar are Ramco, Sun Pharma, CMC, and New India Assurance. Tata International has set up an office for its newly-formed agricultural trading vertical.

Myanmar plans to implement two new deep seaport projects

Myanmar is planning to construct another two new deep seaports in the Tanintaryi coast and Ayeyarwady region, according to Myanmar Port Authority (MPA). Thailand is interested to construct Kalargote deep seaport project located between Mawlamyaing and Yay in Tanintaryi coast. Singapore is also interested to invest at Ngayokekaung deep seaport located at Ngayokekaung Bay in Ayeyarwady region.

Emerald Grand Hotel Group from Thailand and Super Axis Development Pte Ltd. from Singapore have signed MoU with the MPA in this month to analyse the potential to construct deep seaports in Kalargote and Ngayokekaung respectively. Ngayokekaung deep seaport port will have the capacity to load 50,000-tonnes of goods and Kalargote deep seaport will be able to contain 30 vessels of about 50,000-tonnes, according to Chief Civil Engineer of the MPA Mya Than.

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JSW Jaigarh Port gears up for container handling

JSW Jaigarh Port all set to facilitate container trade

JSW Jaigarh Port, an SPV of JSW Infrastructure Ltd, is planning to develop a 1 million teu per annum (MTPA) container facility at the port. The Port will construct two berths with a length of 650 metres for handling the containers along with supporting superstructure of quay cranes, rubber tyre gantry cranes and necessary container fitments.

Strategically located in the protected surroundings of Jaigarh Head, between the two major ports namely

Mumbai and Goa, JSW Jaigarh Port is aggressively and ambitiously gearing up to become the most preferred gateway port to the largest cargo generating regions of Central Maharashtra and Northern Karnataka.

The port was developed within a record time of 20 months and is located 356 kilometres South of Mumbai and 250 kilometres from Goa, occupying a very strategic position on the west coast, 43 kilometres off the NH-17.





The proposed expansion and connectivity plans will serve the EXIM and coastal movement requirements of the industries in the hinterland.

With the commencement of the container facility JSW Jaigarh Port will soon achieve another milestone to its rapid growing cargo mix. The container handling facility will ensure competitiveness for sugar mills, engineering industries, agro and food processing industries, sea food exports and textile and allied machinery in the international markets.

The port authorities are in discussions with NVOCC's and other main line operators to connect Jaigarh to Middle East and Colombo.

Highlights of planned Container Terminal are:

- Channel depth of 14 m
- Maximum vessel size is not restricted
- Back up area of 62 acres
- 8 Quay Cranes & 24 RTGS
- Annual Crane output of 130,000 teu
- 7150 ground slots
- CFS 55 acres
- Stack Height [min] 3 level
- Yard Capacity 3.8 million teu
- Planned capacity 1.1 million teu per year

JSW Jaigarh Port with its present capacity of 15 million tonnes per annum (MTPA) has handled 7.5 MTPA of cargo in 2012-2013 with bulk and break cargo such as coal, bauxite, limestone, iron ore, molasses, sugar and fertilizers.

Highlights of Present Infrastructure for Container Services are

- Channel depth of 14 m

- Length of berth - 275 m
- Maximum size of vessel - LOA 255 m, Breadth 42 m
- 2 Mobile Harbor Cranes (LHM400) with 60 tonnes capacity each.
- Container Yard of 10 acres
- 516 Ground Slots
- 1476 teu can be accommodated
- 144 reefer plug points available
- 2 Reach Stackers
- 4 Forklifts & 1 ECH
- CFS infrastructure: total area - 5000 sq.metre

The deepest water port in Maharashtra, with a draft of 14 m JSW Jaigarh Port will help enable container lines to berth deep drafted vessels. This will in turn offer attractive scale of economies as it will enable large vessels to call at the port directly.

Backed by state-of-the-art technology and well-qualified manpower, the ultimate goal of JSW Jaigarh Port is to emerge as one of the most modern and mechanized ports in India benchmarked to international standards.

JSW Jaigarh Port has thus demonstrated its flexibility to go the extra mile to meet its customers' requirements and open a new avenue for routing container ships and serve the trade at large.

Jaigarh Port is currently connected through a two-lane road (SH 106 - 43 km) from Jaigarh to Nivali on NH-17, which is being widened to a four-lane highway. The nearest railway link is at Ratnagiri, 55 km from the port. The port plans to improve the rail connectivity under R3i policy of Indian Railways. The first leg of connectivity from Jaigarh Port to a suitable location on the Konkan railway would soon be ready and from Konkan railway to Kolhapur by next year. 

Stalled projects and speedy process

CCI ON THE MOVE

CCI plans to take up cudgels on behalf of the industry for those projects which are inter ministerial and involving the state.

Vijay Kurup

The revisions are coming thick and fast. The last week's figures of the number of projects cleared now stands amended to 35 projects involving investments of ₹1.4 lakh crore. If there is anything that can bring the economy back on the rails, it is fast tracking stalled or delayed infrastructure projects. According to the latest report from the Ministry of Statistics and Programme Implementation, almost 47 per cent of the mega projects have been delayed and in the maritime sector two out of six mega projects have been delayed. Approximately 1.5 per cent of GDP can be added back if the existing projects are cleared.

The percentage of projects stalled by some of the ministries are: 53 per cent per cent of the projects have been stalled by the environment and forest clearance, land acquisition 33 per cent, clearances from NHAI/MoRTH (National Highway Authority of India)/ Ministry of Road Transport and Highways) 27 per cent, security clearance 11 per cent, clearance from railways 9 per cent.

The Government of India has authorized Anil Swarup, Additional Secretary, Cabinet Secretariat, to fast track clearances of stalled projects. Appointed to the Cabinet Committee on Investments (CCI), his mission is to track delayed infrastructure projects by using his carte blanche authority to take decisions to secure clearances.

The Cabinet Committee on Investment (CCI) led by the Prime Minister was set up in the Cabinet Secretariat in January 2013 to resolve regulatory hurdles that have blocked investments, both for private and public investments of over ₹1,000 crore each.

The modus operandi of the committee is simple. Any industry or company having a problem with its project should access the CCI website, create a login password, and fill in the details in brief. Most importantly, says Swarup, it should identify the ministry which has raised an objection because of which the progress has been halted. There is a dropdown menu which lists the various ministries. If the problem lies with a particular state, that can also be chosen from the menu. Further, he emphasizes that the problems should be stated explicitly. Many a project is needlessly rejected for want of clarity. "Disaggregate the problems into smaller issues and then when we approach those specific issues it becomes more intelligible to all."

Once rejected, the project owner/promoter can resubmit the project with adequate clarification and details. Once the details are submitted, it passes automatically to the concerned ministry or state, to an officer not below the rank of a Joint Secretary. In addition to this, Swarup has started the concept of a sponsoring ministry. If a shipping project is held up, then an official from the shipping ministry will be the sponsoring ministry regardless of the project being public or private. "Initially," says Swarup, "there was considerable opposition to this proposal. Most ministries have now come around to this concept." Further he has constituted 12 sub-groups which consist of ministries that have raised objections to projects. Thus, typically the constituent ministries of the sub group would be the Ministry of Coal, Environment and Forest, Rail, Home, Defence etc.

So whenever the project is tabled for discussion the project monitoring



Anil Swarup,

Additional Secretary, Cabinet Secretariat, to fast track clearances of stalled projects.

group would consist of members from CCI, the entrepreneur, the sponsoring ministry and the ministry which has raised objection. Swarup says the meeting is extremely focused because all the relevant desks are involved and the agenda is fixed well in advance. The decision, if any, is taken jointly and uploaded on the website for all to see. Transparency is the key.

The idea is that if the projects are held up due to opacity in laws, an effort will be made to bring about transparency and see if it proves to be a solution. Just put everything on the portal – all the details, decision taken etc, thereby making the entire process amply transparent. In addition to speeding up the process, it is also going paperless.

Take the cases that came up for hearing at a recent interactive meet with Anil Swarup on delayed projects, organized by FICCI. The major issues put forth by the project owners/promoters were:

1. Huge investments have already been made in land acquisition and water linkage etc., but absence of coal linkage has stalled projects.
2. Delays in getting security clearances in border states in the security zones.
3. Process of diversion of forest land is prescribed to be completed within 90 days at state government level but in some cases it has taken more than nine months to identify degraded forest land.
4. Delays in issuance of DGPS (Differential Global Positioning System) maps & shape file by Space Authorities. As a result, project approval is pending

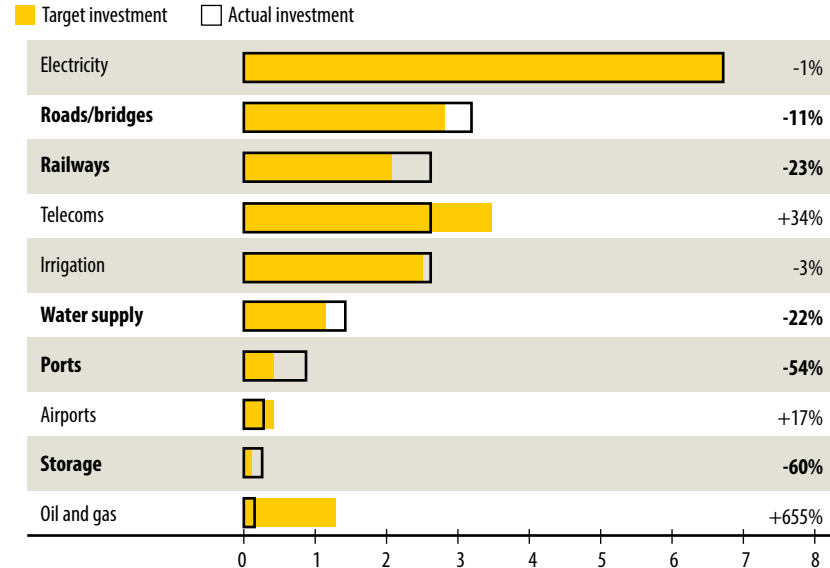
CABINET COMMITTEE ON INVESTMENT

India's infrastructure investment

Investment in key infrastructure fell short of targets

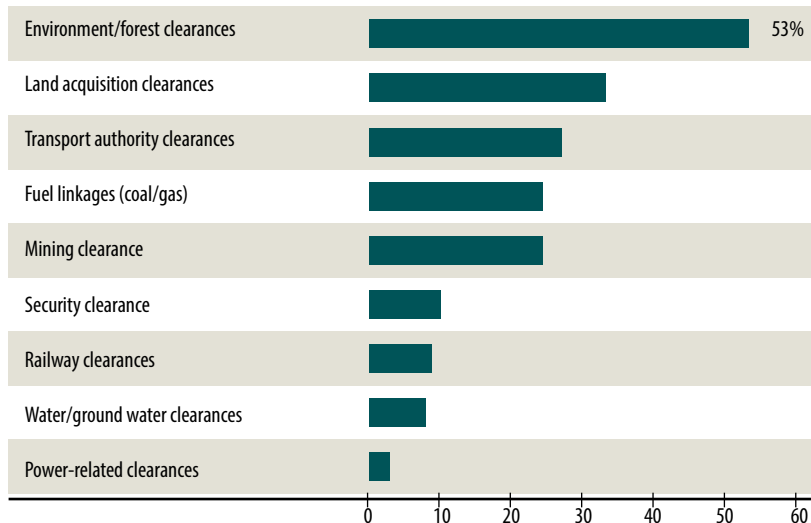
Investments in infrastructure in the eleventh five-year plan*

Trillions of rupee (percent shortfall/achievement over target investment)



Clearances required for infrastructure projects

Percent of infrastructure projects facing issues obtaining clearance



Note: *Electricity includes NCE, irrigation includes watershed, railways includes Mass Rapid Transit System, water supply includes sanitation and ports include inland ports.

Sources: Mid-term appraisal of Eleventh Five Year Plan; Ernst & Young; FICCI.

5. New Studies submitted after submission of environmental management framework but environmental clearance is pending even after 12 months
6. Delays in land acquisition because of incorrect measurements and valuation by evaluators engaged by authorities
7. Unavailability of land records is a major hurdle in acquisitions
8. Delay in transfer of abandoned land by railways: Proposals pending with regional railway authorities for years

9. Delay due to prolonged correspondence between NHAI and Railways regarding transfer of balance abandoned railway land.

Based on the grievances of the industry, Swarup has classified the problems as:

1. Inter-ministerial.
2. Intra-ministerial.
3. Problems involving the State.

CCI will take up the cudgels, on behalf of the industry only for those projects which are inter-ministerial and those involving the state.

Almost 50 per cent of the problems are with the states. Initially the chief secretaries were invited to the Centre for meetings. "But now I visit the states. Monday and Friday to one of the states; Tuesday, Wednesday and Thursday I am in Delhi," says Swarup. The benefit of going to the states is that it is taken more seriously and he gets to interact with the chief secretary and all the senior bureaucracy of the state. "The experience of travelling to the states and meeting with the senior members there has been amazing. Another advantage is that a lot of preparatory work is involved in these meetings," Swarup maintains.

Intra-ministerial problems will not be handled by CCI. Where an order has been passed, and the executing officer has been sitting on the file, there are recourses for the industry to take up the issue directly with the department.

He confesses that the procedures in the environment clearances were such that it was very difficult to attempt to streamline the process, so instead he has been extracting a definite time frame for response from the environment ministry.

The CCI has extended a helping hand. It has spelt out its mandate and has delineated its modus operandi. "In the whole feeling of nothing is happening we get demoralized. But split those issues. Then things can get accomplished and we can feel some progress. Articulate the issue clearly it becomes easier to focus on them for resolution," says Swarup. It is now up to the industry to grab that extended hand to move ahead. 



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- Container Freight Station at Majerhat, Kolkata
- Inland Container Depot, Birgunj, Nepal
- Cold Storage Facility at Singur & Siliguri West Bengal
- Loading of container rakes from 9 private sidings and 6 railway terminals and from other CRTs as per requirement



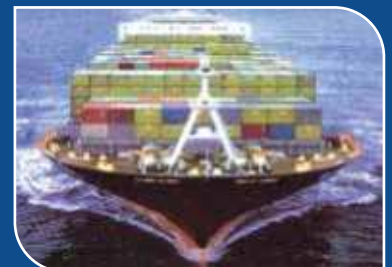
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India's east coast is emerging as a main cargo hub for the country's trade. Rich in mineral resources and moving at a faster pace on industrialisation, the share of states on east coast, such as Tamil Nadu, Andhra Pradesh and Odisha, in India's EXIM trade is growing. Robust demand for commodities like iron ore in international market and the increasing requirement of coal for fueling power plants are further expected to boost the country's trade through east coast, especially, with China and other South East Asian countries.

Sreekala G

India's east coast is gaining prominence, thanks to the growing trade between India and South East Asian countries, especially, China. India's free trade agreement with the Association of South East Asian Nations (ASEAN), Japan and Afghanistan, is another factor that will drive the growth of the east coast region.

Besides, ports on east coast support energy cargo, mainly coal. Considering the widening gap between domestic coal production and surge in demand from new power plants, imports of coal is set to rise. Indonesia and Australia being the largest exporters of coal to India, ports on east coast are better positioned to handle this traffic due to their proximity to these countries.

The bilateral trade between India and China reached \$73 billion in 2011, making China our largest trading partner. Though the trade value dropped to \$66 billion last year due to global economic slowdown, the Chinese government has said it was optimistic that the trade target of \$100 billion would be achieved in 2015.

Ships coming from China can save up to six days by calling at a port located on east coast as against those on the west coast. The transit time to east coast ports in India from China is 22 days.

DESTINATION

“Historically, ports along the west coast have dominated cargo traffic due to their proximity to India’s major consumption centres and industrial belt of northwest India. With China’s emergence as India’s leading trade partner, India’s ‘Look East’ policy and overcapacity at west coast ports, east coast ports present significant development opportunities,” says a KPMG report.

Despite the difficult global economic situation, India’s foreign trade (imports and exports) grew from \$252 billion in 2006 to \$794 billion in 2012, representing a CAGR of 21 per cent. The share of seaborne trade is about 95 per cent of volumes and 75 per cent of value of the country’s total EXIM trade. An indication of a shift in port traffic and trade volumes from west coast to east coast can easily be gauged from the fact that India’s east-bound trade has grown at 23 per cent during the same period (2006-2012), higher than the growth of the country’s total trade.

India has 13 major ports and about 176 non-major ports spread across its 7,700-km long coastline. Of the 176 non-major ports, only 60 are operational. While the 2,630-km-long eastern coastline supports a total of 50 ports,

only 14 of them including six major ports are functional with the ability and capacity to handle significant amount of cargo.

According to the KPMG report on ‘Logistics Game changers,’ the Indian port market has witnessed a significant growth over the last decade, growing from 368 MMT (million metric tonnes) in 2000-01 to 898 MMT in 2011-12 at a CAGR of 8.5 per cent. Following a temporary deceleration in cargo traffic (at a CAGR of 6 percent) – due to the global economic slowdown between 2007-08 and 2011-12 – cargo traffic across India’s ports is expected to touch 1,304 MMT by 2016-17 at an accelerated CAGR of 8 per cent.

Gujarat continues to be the leading maritime state, contributing 33 per cent of total port cargo traffic. Andhra Pradesh and Tamil Nadu on east coast accounted for 13 per cent and 11 per cent respectively of total port cargo traffic. Andhra Pradesh also recorded one of the highest CAGRs in cargo at 28 per cent in the last decade.

The report notes that with their contribution to India’s total trade expected to increase from 23 per cent in 2010 to 34 per cent in 2014, the ports on

the east coast, which stretches from West Bengal to Tamil Nadu, are expected to significantly drive growth in the ports sector.

Policies to enhance east coast capacity

The central government has also drawn up plan to provide a boost to the port capacity on east coast. In its Maritime Agenda 2010-2020, the government plans to create additional port capacity of 900 MMT and invest ₹1,12,600 crore to enhance cargo-handling capacity at ports along the east coast. Non-major ports are expected to contribute 57 per cent of total investments in east-coast ports and 46 percent to total capacity added in east-coast ports.

The shipping ministry has also decided to set up two new ports on the east coast in West Bengal and Andhra Pradesh to cater to the rising cargo growth in the region.

KPM report notes that the cargo profile of east coast ports is expected to change. East coast ports which are closer to iron ore/coal deposits and power, steel or fertilizer plants have traditionally handled bulk commodities, as opposed to west coast ports, which mainly handle POL and container cargo.

EAST COAST

COVER STORY

Industrialisation to boost containerisation

Increasing containerisation levels of erstwhile bulk commodities like steel, cement, rice and sugar will change this trend. Container handling capacity along east coast ports in India is expected to increase from 2 million teu (Twenty-foot equivalent unit) in 2009 (20 per cent of India's total container handling capacity) to 10.8 million teu by 2020 (33 per cent of India's total container handling capacity).

According to the report, at 51 per cent, the containerisation level in India continues to fall short of that in developed countries, which have achieved significant levels of 70-80 per cent.

The EXIM container market in India has grown at a CAGR of 12 per cent in the past five years, as against 8-10 percent growth that other commodities such as POL, iron ore and coal have recorded during the same period.

Healthy growth prospectus for industries such as textiles, food products, machinery, paper and scrap will help the growth of containerisation. Growing thrust on developing container terminals on the east and west coasts of India, development of dedicated logistics parks for handling container and bulk cargo, development of new terminals with facilities to handle deep-draft vessels that are operated by main line operators (MLOs) and the development of dedicated freight corridors and industrial corridors will

provide a boost to containerized cargo.

But, says the report, the share of upper west ports in total container traffic has declined over the years from 70 per cent in 2007 to 63 per cent in 2011 with the development of Chennai cluster. The reduction in share of upper west ports is expected to continue further.

East coast states like Tamil Nadu, Andhra Pradesh and to some extent Odisha are, in fact, witnessing fast-paced industrialisation. Even other states, which can be considered as the hinterland to east coast ports such as Bihar, Chhattisgarh and Jharkhand are also increasing their cargo production, supporting the growth of east coast ports.

Odisha, Andhra Pradesh and Chhattisgarh are the major mineral-rich states in the country. Northern AP region is home to many refractory units and ferro alloy units. There is also a lot of movement of commodity to finished goods as many steel and aluminum plants like Vedanta, Jindal, National Aluminium Company (NALCO) are coming up in the eastern region. Even two petroleum, chemicals and petrochemicals investment region (PCPIR) are coming up – one in Andhra Pradesh and another in West Bengal – and this will be big boost to the trade through east coast ports.

The PCPIR in Andhra Pradesh stretched across 603.58 sq. km, is expected to play a decisive role in the growth of cargo in Visakhapatnam, Kakinada and Gangavaram ports.

Power plants & coal demand

The demand for coal for power projects in eastern India is expected to keep the ports on India's east coast busier. According to the Central Statistics Office, coal deposits are mainly confined to eastern and south central parts of the country. Jharkhand, Odisha, Chhattisgarh, West Bengal, Andhra Pradesh, Maharashtra and Madhya Pradesh account for more than 99 per cent of the total coal reserves in the country.

The share of coking coal and non-coking coal in the overall cargo throughput at east coast ports is expected to go up with several power plants coming up in Chhattisgarh and Jharkhand.

As on March 31, 2012, the estimated reserves of coal were around 293.5 billion tonnes, an addition of 7.64 billion tonnes over the last year. The average quality of the Indian coal is not very high and this necessitates the import of high-quality coal to meet the requirements of steel plants.

There has been an increasing trend in the import of coal. Import of coal has steadily increased from 20.93 mt (million tonnes) during 2000-01 to 102.85 mt during 2011-12. During the same period, the quantum of coal exported increased from 1.29 mt to 2.03 mt.

Altogether, there was an increase of 49.24 per cent in gross import and 56.29 per cent in net imports of coal in 2011-12 over the previous year. However, there was a decline of 53.91 per cent in export of coal during the same period.

According to the Power Ministry, the demand for electricity in India is likely to go up to 3,00,000 MW by 2017. To meet this growing demand, many power plants are coming up and states like Andhra Pradesh and Tamil Nadu will house a number of them due to fast-paced industrialisation.

Andhra Pradesh, for instance, will add about 4,500 MW of power in the medium term and about 12,000 MW by 2016-17. India has an installed capacity of 236.38 Gigawatt (GW) as on March 2012, recording an increase of 14 per cent over the previous year. Thermal power plants constitute 66 per cent of the installed capacity.





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India's coal dependence is borne out of the fact that 67 per cent of the capacity planned to be added during the Eleventh Five year Plan period (2007-12), is coal-based.

The share of coal and petroleum is expected to be about 66.8 per cent in total commercial energy produced and about 56.9 per cent in total commercial energy supply by 2021-22. The demand for coal is projected to reach 980 mt during the Twelfth Plan period, whereas domestic production is expected to touch 795 mt in the terminal year (2016-17).

The demand gap will need to be met through imports. Currently, India imports about 80 million tonnes per annum (mtpa).

The east coast ports are more developed than the west coast in terms of hinterland connectivity through rail and roads. So, an increase in imports or exports of coal can significantly benefit these ports.

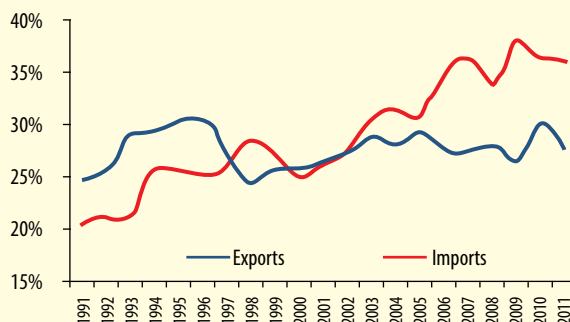
Iron ore

Another mainstay cargo at east coast ports was iron ore. However, the situation began to change about three year ago. Karnataka, the second largest producer of iron ore in the country, banned the export of the commodity in July 2010 to curb alleged illegal mining. Subsequently, the Supreme court banned iron ore mining in Goa, which accounted for more than half of iron ore exports from India, in September last year. Odisha government also banned export of iron ore in October 2012.

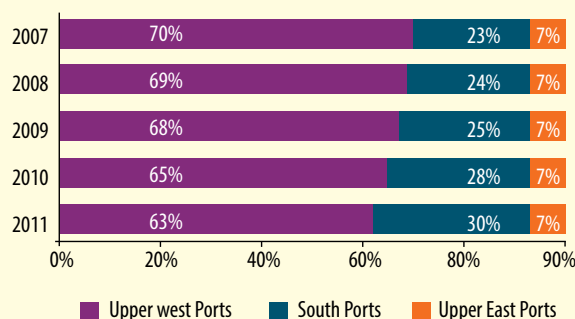
While iron ore exports from Karnataka used to be handled by ports in Andhra Pradesh, Paradip and Visakhapatnam Port catered to iron ore from Odisha. Though the ban in Karnataka was partially lifted in April this year, it will take about year for the mines to fully resume operations.

According to the Federation of Indian Mineral Industries (FIMI), following the ban, iron ore exports dropped by about 70 per cent to 18 million tonnes in 2012-13, as against 61.74 million tonnes in 2011-12. The country also lost about \$10 billion export earnings last financial year due to the ban.

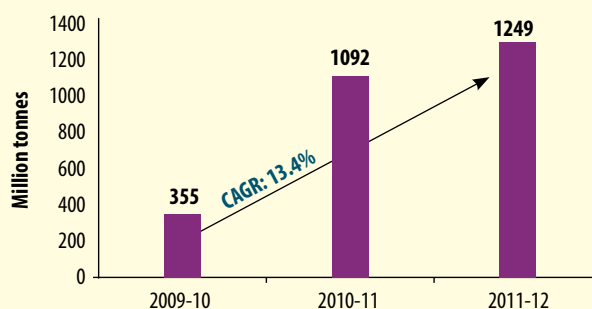
This scenario may change soon as the Ministry of Mines is expected to file an affidavit in the apex court explaining the need to lift the ban on mining.



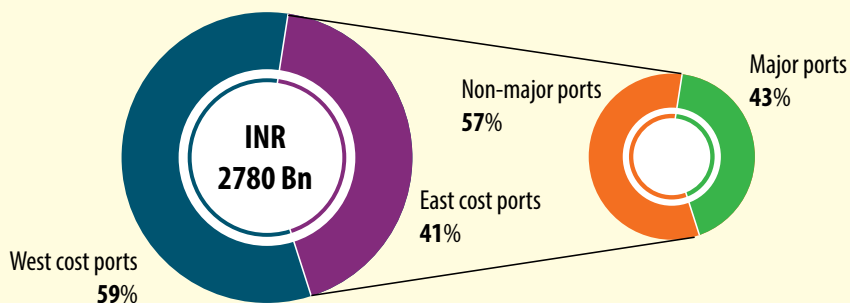
Share of container traffic handled by ports



Capacity and investment scenario at east coast ports



Investment scenario (2010-2020)



Source: maritime Agenda 2010-2020; KPMG in India analysis

States wise number of registered CFSs/ICDs

Andhra Pradesh	13
Bihar	1
Chandigarh	1
Chhattisgarh	1
Goa	1
Gujarat	33
Haryana	9
Himachal Pradesh	1
Jharkhand	1
J&K	2
Karnataka	8
Kerala	11
Maharashtra	48
Madhya Pradesh	7
Odisha	2
Pondichery	2
Punjab	7
Rajasthan	10
Tamil Nadu	60
Uttar Pradesh	18
West Bengal	11
TOTAL	247

Courtesy Deloitte report based on Ministry of Commerce, GOI website.

A weakening rupee and hardening prices of iron ore in international markets have already prompted many exporters to begin shipments of iron ore fines and pellets. Reports suggest that about six exporters have booked consignments from Paradip and Vizag ports for September delivery to Chinese buyers. Five ships with 50,000 tonnes of pellets each are being shipped.

The potential for iron ore export and coastal movement through east coast is evident from the manner in which private players have increased their investment. Essar Ports, the country's second-largest private sector port and terminal company by capacity and throughput, has bid and won the contract for mechanisation and operation of three iron ore berths (two outer harbour berths and one inner harbour berth) at Visakhapatnam Port on Build-Operate-Transfer (BOT) basis for a concession period of 30 years. Visakhapatnam Port handled 12.3 million tonnes of iron ore during FY13 in spite of the slump in iron ore export in India.

According to Essar Ports, the potential for iron ore export and coastal movement through the east coast would be facilitated with this deal. These three berths will have a combined capacity of 23 mtpa, of which 17 mtpa of third-party cargo and 6 mtpa of Essar steel cargo. In fact, with this deal, Essar Port's total capacity for iron ore export on the east coast will become 39 mtpa as it is developing one berth at Paradip.

Agri-products

East coast ports are a major gateway for agri-products trade as well. The Agricultural and Processed Food Products Export Development Authority (APEDA) estimates that total exports of Indian agri and processed food products from April 2012 to February 2013 stood at ₹11,254,275.51 lakh (\$20.74 billion) as compared to ₹7,186,784.33 lakh (\$ 13.24 billion).

Ports in Andhra Pradesh – Kakinada, Visakhapatnam and Krishnapatnam – handle a lot of agri exports including rice, maize, chilli and tobacco. Andhra Pradesh and West Bengal are the nation's top growers of rice, accounting for about 29 per cent of the crop.

Andhra Pradesh is the largest producer of chilli and tobacco and chilli is the largest exported spice from India.

Last year, India had surpassed Thailand to become world's top rice exporter. Rice exports are likely to cross 10 mt this year as against 7.3 mt during previous year due to good demand from West Asia, Africa and South East Asian countries.

The top five destinations for India's export of processed agricultural products are USA, Indonesia, Vietnam, UAE and China. India also imports about 8-9 million tonnes of edible oil and 3-4 million tonnes of pulses.

This year, in view of sufficient stocks of food grain in the central pool, the government has allowed exports of 4.5 mt of wheat from the central pool stock of the FCI through central public-sector undertakings and placed export of wheat and rice under open general license (OGL).

East coast also handles a lot of fertilizer imports. According to the Fertiliser Ministry, the country has imported 7.04 million tonnes of urea in the entire 2012-13 fiscal for nearly \$3 billion. India had also imported 8.14 million tonnes of P&K fertilizers during last fiscal.

“Three port clusters seem to be emerging: Upper East Coast comprising Kolkata and Dhamra; Central East Coast comprising Visakhapatnam, Gangavaram and Kakinada; Lower East Coast comprising Chennai and Tuticorin, Krishnapatnam and Kattupalli along with Ennore and Karaikal.”

Connectivity

Most ports on east coast offer better connectivity to the port and hinterland. New ports set up by private operators, in fact, offer world-class transportation and logistics solutions to their customers. As a result, a truck carrying cargo can reach the port in less than three hours as most have 4-6 lane roads.

Type of cargo is the deciding factor on the development of the preferred/required mode of transport. According to a Deloitte report, a cargo like coal is preferred to be carried through railway via rakes while petro-products are preferred to be carried through the pipelines or by lorries carrying huge containers so that it is easy for distribution to various users.

Keeping in mind the planned capacity expansions and the projected traffic numbers, the Ministry of Shipping has planned various rail-road connectivity projects for the major ports. Here again two ports on east coast have been allocated maximum funds. Chennai Port has the maximum allocation of around ₹1,225 crore followed by Kolkata Port with a projected investment of about ₹1,105 crore.

Maritime Agenda 2020 has highlighted various steps for avoiding the connectivity crisis. These include double-line rail connectivity for each major port, which can be taken up by the Railways and / or on BOT basis; a minimum four-lane road connectivity for each major port that can be taken up through the National Highway Authority of India (NHAI) or on BOT basis; budgetary assistance or Viability Gap Funding for projects; and the National Highways Authority of India (NHAI) to undertake port connectivity (less than 50 km) projects on BOT basis where possible.

Indian Railways has also planned a Dedicated Freight Corridor on the Eastern region connecting Ludhiana in Punjab to Dankuni near Kolkata covering 1,839 km.

East coast also ranks highest in terms of number of ICDs/CFS. According to the Deloitte report, there are around 247 CFS/ICDs in India and by far Tamil Nadu houses the highest number of CFS/ICD at 60 followed by Maharashtra at 48 and Gujarat at 33.

COVER STORY



Concor, a market leader with largest network of 61 ICDs/CFS in the country, says in its annual report this year that the prospects for inland penetration of containers look bright with the improvements expected on export front on account of new emerging markets and various steps announced recently in the foreign trade policy, combined with prospects of deeper hinterland penetration in existing container handling ports, and emergence of similar opportunities in a number of new upcoming ports like Hazira and Dahej on the west coast and Krishnapatnam on east coast.

Interestingly, the connectivity between west coast and east coast are also improving. A bi-weekly service by Shreyas Shipping Company now connects all the major east coast ports to the International Container Transshipment Terminal (ICTT) Vallarpadam.

Earlier these major ports on east coast were connected to international ports like Port Klang, Singapore and Colombo. But the new service has provided an opportunity to develop domestic business as well as facilities for transshipment of Exim containers using Vallarpadam terminal. As a result, mainliners will now find it feasible to meet their transshipment needs from the India.

Challenges

While the rise of east coast looks certain, the ports here also face challenges. The central government's plan to bring in private investment for a mega container terminal in Chennai, did not fructify. Chennai Port has been trying

for a private partnership since 2008 for building the mega container terminal.

Ennore Port also faced issues when it invited and awarded the bid to develop a terminal in 2010. But Ennore seems to be 'second time lucky' as it received good response from companies at their pre-bid meeting in June when they floated a new tender for the same project. But the port will have to address connectivity issues related to road and rail as the possible suitors have raised concerns over it.

Experts have also questioned the feasibility of building a major port at Sagar in West Bengal. Meanwhile, the project site for the major port in Andhra Pradesh has been changed twice. Even the third location seems to face environmental issues.

According to a report from Drewry, the logic behind the government's effort to enhance capacity on east coast is easy to understand. "In 1991, when India liberalized its economy, overseas markets lying on the eastern side of India constituted only 23 per cent of total external trade (in value terms), but this has since risen to 33 per cent in 2011. However, exports and imports have moved in different directions," it says.

Up to 1997, India had a trade surplus with its eastern neighbours. Since 2003 there has been a complete shift in trade pattern. Imports from eastern markets, such as China, have grown much faster than exports. During the period 2003-11, India's imports from countries to the east grew at a CAGR of 28 per cent, while exports increased by 20 per cent. By the year 2011, India sourced 36 per cent of its total imports from the east

(up from 20 per cent in 1991). On the other hand, the share of eastern countries in India's global exports hovered around 26-28 per cent (with few exceptions).

Looking at geographically, the report says, three port clusters seem to be emerging: Upper East Coast comprising Kolkata (including Haldia) and Dhamra; Central East Coast comprising Visakhapatnam, Gangavaram and Kakinada; Lower East Coast comprising the existing ports of Chennai and Tuticorin, Krishnapatnam and Kattupalli along with Ennore and Karaikal.

The report also raises the question of how new gateways will be able to compete with their established competitors. There is no straight answer, but hinterland connectivity will play a big part. For example, although Chennai is a well-established port, it is located inside the city, so has limited opportunity to expand. As a result, mega terminal project seems to have no takers.

This means that Kattupalli and Krishnapatnam have around three to four years to get ahead. Being located near Chennai Port, Kattupalli's better connectivity will naturally gain some market share.

By the time the new container handling facility in Ennore is commissioned, Kattupalli must become fully established. This means that Ennore will eventually have to compete against Chennai in the south and Kattupalli in the north. In the event of the 'mega terminal' being built at Chennai, and landside infrastructure being upgraded, it will have a further mountain to climb.

Similarly, in the Central East Coast, Gangavaram will share its hinterland with Visakhapatnam. However, their hinterland market is not large at present. Whilst budding industries may change this in future, the commissioning of Dhamra Port means that cargo growth in the Central East Coast region could decline. Additionally, it will be difficult to attract cargo from the northern region of India due to weak and long rail connectivity.

So, Drewry says, as long as infrastructure congestion continues in Chennai, other ports in the region will gain market share due to their more fluid operations. **mg**



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Andhra Pradesh government is focusing on manufacturing segment to generate maximum employment. The state, which has a major advantage in terms of land availability, is ranked number two in the country, as per the Department of Industrial Policy and Promotion (DIPP) data on Industrial Entrepreneurs Memorandums (IEMs) implemented. In an interview with **Maritime Gateway**, **K Pradeep Chandra**, Principal Secretary, Department of Industries and Commerce and Commissioner of Industrial Promotion, Government of Andhra Pradesh, talks about industrialisation in the state and its future potential.

Q Could you please explain how industrialisation in coastal districts is helping fuel port business in AP, a state with the second largest coastline in the country?

A Andhra Pradesh is home to a number of well-developed port cities. The coastal districts in the state have already attracted a lot of investments. There is synergy between port development and industrialisation in the state. The rapid industrialisation and investment in manufacturing will feed the new ports and generate lot of employment. The state also has well-developed hinterland connectivity to ports.

Visakhapatnam on northern coast, which houses a major port as well as the Gangavaram Port, is an already developed city in terms of industrialisation. Brandix India Apparel city, which is part of the Vizag SEZ, is spread across 1,000 acres. JN Pharma City is another large industrial park which has the potential to make the city pharma hub. In addition, there are other major industries like Vishakhapatnam Steel Plant and the HPCL refineries.

K Pradeep Chandra,

Principal Secretary,
Department of Industries
and Commerce and
Commissioner of Industrial
Promotion, Government of
Andhra Pradesh



“AP expects ₹15,000 crore investment in manufacturing sector”

For the growth of new industries, our biggest advantage is that there is secure freehold land available in and around Visakhapatnam and other port areas. The APSEZ, owned by the Andhra Pradesh Industrial Infrastructure Corporation (APIIC), is spread over 5,000 acres. In addition, APIIC is in the process of acquiring another 2,000 acres near Nakkapalli in Vizag district along the PCPIR corridor.

At the southern end of Andhra Pradesh, Nellore district has emerged as a hub for port-based industrial activity. It houses a leading private port – Krishnapatnam – which is emerging as an alternative to Chennai and Ennore Ports. Around Krishnapatnam Port, there are a number of SEZs and industrial units including IFFCO Kisan SEZ for agro-commodities, APIIC Leather SEZ and Bharatiya SEZ for leather units. Krishnapatnam Port is also setting up a multi-product SEZ. We also have industrial parks such as APIIC Industrial Parks at Naidupeta and Mambattu and Sri City, one of the most successful private industrial parks in the country, in the region. In all these industrial areas, more than 15,000 acres of land is available for industrial activity. A second port at Dugarajapatnam has also been approved by the Government of India for Nellore District. The state government has found that a port in Bhavanampadu in Srikakulam District is also viable. One National Investment and Manufacturing Zone (NIMZ) is also coming up near Ramayapatnam Port in Prakasam district.

Q What are the advantages Andhra Pradesh has over other states in attracting investment?

A Andhra Pradesh has been at the forefront in providing a favourable climate for industrial promotion. The state has a major advantage in terms of land availability. We have a vibrant and flexible industrial policy in place that ensures speedy clearances. The Andhra Pradesh Industrial Single Window has been acknowledged as one of the best in India. In fact, the Government of India has chosen Andhra Pradesh as the first state to integrate its single window with the GOI e-biz B2G portal. The state also offers support to industries for road

connectivity and power supply. Andhra Pradesh is the only state with three National Investment and Manufacturing Zones (NIMZs) approved by the Government of India.

To support industry, Government of Andhra Pradesh has an effective industrial water supply policy. The state has formed unique Public Private Partnership (PPP) projects for industrial water supply schemes. Visakhapatnam Industrial Water Supply Company (VIWSCO), set up as a joint venture between APIIC and IL&FS, is one such PPP initiative by the state to provide water to industrial units and SEZs in Visakhapatnam. One hardly sees such schemes in other states.

The Andhra Pradesh Industrial Investment Promotion Policy 2010-15, offers a slew of incentives to various industries, particularly the micro, small and medium enterprises (MSMEs). The state has been focusing on manufacturing sector and MSMEs as they provide maximum number of job opportunities. We classify any venture with an investment of ₹250 crore as a mega project. Any project creating employment for more than 2,000 people would also be considered for a special package of incentives under the mega project category. Incentives include reimbursement of Value-Added Tax\ Central Sales Tax, stamp duty exemption and power subsidy.

Q How far did the state succeed in converting investment proposals to projects?

A If we look at the MOUs signed during the 2012 January Partnership Summit, we have an 80 per cent strike rate in implementing project proposals. The implementation of the projects is very closely monitored and reviewed by the Chief Minister every month. According to the Department of Industrial Policy and Promotion (DIPP) data on Industrial Entrepreneurs Memorandums (IEMs) implemented, Andhra Pradesh has been ranked number two in the country consecutively for the past three years. In the next 4-6 months, we expect an additional investment of ₹15,000 crore in the manufacturing sector with an employment potential of 20,000 jobs.

Q What is the status of PCPIR and how do you think it will provide a boost to port infrastructure?

A The draft Master Plan of Visakhapatnam-Kakinada Petroleum, Chemicals and Petrochemical Investment Region (PCPIR) will be notified soon. The PCPIR will be completed with adequate infrastructure and an express highway along the Corridor linking Vizag and Kakinada is proposed. This expressway will also have a dedicated utility pipeline corridor. British Petroleum, GMR Group and HPCL are in talks with us for setting up units in PCPIR. The PCPIR requires an anchor client with a petro-chemical/cracker unit requiring an investment of ₹25,000-30,000 crore. Given the global economic downturn and financial crisis in Europe, international petro-chemical majors are unable to find the required financial tie-ups. Once the international economy picks up, the situation will change drastically to our advantage.

Once ready, PCPIR will offer a major boost to ports such as Visakhapatnam, Kakinada and Gangavaram. The project stretches from Visakhapatnam to East Godavari district and finally culminates in Kakinada.

Q Industries in the state faced severe power shortage last year. What are the government plans to improve the situation?

A Andhra Pradesh has always been a power-surplus state. It is only in 2012-13 that we faced power shortage due to factors beyond our control like poor monsoon, gas shortage and coal supply issues. In that way, last year was an aberration. Currently, there is no power cut for any sector and all industries are getting 100 per cent power supply. In the medium term, about 4,500 MW of power is being added and about 12,000 MW of power will be added by 2016-17. This capacity is from APGENCO, Central Power Utilities and private power plants. No other state is adding such a huge capacity in such a short time. Going forward, assured availability of power will be a positive factor in attracting industrial investment activity to the state. **mg**

Coal *Expanding Capacities* Vs *Transport Delays*

AP Genco is India's third largest power generating utility after NTPC and Mahagenco. The state utility is set to augment its coal imports in the coming years to meet the requirements of the new thermal power plants coming up in the state. Coal is one of the major commodities that will play a predominant role in India's sea trade with the east coast retaining its monopoly in owning most mines and being a gateway to import black gold from the South East Asian Nations.

Deepika Amirapu

Energy-hungry India feeds on coal to support close to 6 per cent of its power plants throughout the country. As coal production is unable to meet the demands of the growing population's energy consumption, India is pressed to up its imports year after year.

India's is the world's fourth largest importer of coal and during the first half of the year, as the nation's overseas coal purchase surged by 28 per cent to 76 million tonnes when compared to the previous year's imports during the same period. In its total import bill estimate, coal ranks seventh, costing the government \$450 billion each year to import black gold from various

countries. Indonesia stands as India's largest exporter accounting for more than 60 per cent of all the shipments through the year. Australia and South Africa make up for the rest. Most of the coal imports happen through the ports on the east coast of India. Estimates revealed by the Coal Ministry suggest that India's coal imports will shortly rise to 200 million tonnes annually and the bulk of the imports will be through these ports.

Following the national utilities, many state government power producers have also increased their coal shipments from abroad to support the population's power requirements. Andhra Pradesh's generation company is planning to

increase its import quantity to about 6 million tonnes this year.

AP Genco is India's third largest power generator after NTPC and Maha Genco. The generation company requires 30 million tonnes of coal annually to generate power for the state. Close to 12 million tonnes is sourced from Singareni Collieries while the balance comes from Mahanadi coal fields in Odisha. About 2.5 million tonnes are imported every year from Australia, Indonesia and South Africa.

The coal from Odisha is shipped using the rail-sea-rail mode where the coal comes to Paradip by rail from the coal fields, shipped to Kakinada or Krishnapatnam by sea and then transported to the plants.

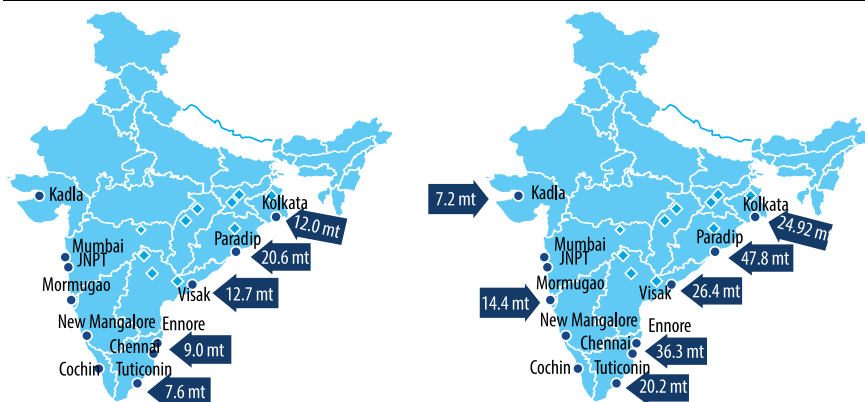
"We use the rail-sea-rail route because movement of coal by a single route is costly. The all-rail route takes longer and our reserves have to be filled by then," said Vijayanand, Chairman and Managing Director, AP Genco.

AP Genco is also planning to augment its existing capacities in the next two years. A total of 1,600 MW of power will be added by January 2014. By the end of the next calendar year, about 2,800 MW of hydel power will be added to the existing capacity, the Chairman said.

AP Genco meets half of the state's requirement and the rest is met by NTPC and the independent power producers. The current requirement of the state in the three regions is pegged at 16,500 MW of which the state utility is supplying about 9500 MW.

The generator had faced unforeseen delays in coal supply because of the agitation in the Telanagana region earlier this year. Vijayanand said, "In future, we wish to reduce our intake from the mines in Singareni and will increase our coal intake from Mahanadi coal fields." Currently, AP Genco gets about five rakes a day from the Mahanadi coal fields while the requirement stands at 20 rakes. The delay caused by the trains carrying fuel leads to bottlenecks in power generation as the Genco will have to maintain stocks for seven days thereby increasing their costs of storing coal. But the Chairman quips saying the new terminals at the ports in the east coast will be able to plug the shortfall in the supply. **mg**

The Coal Trade for the Indian major ports in 2007-08 and projected trade in 2025-26



Source: Port Development Plan IPA



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A million teu by 2020

VCT, which has been recording a CAGR of 23.04 per cent during the last five years, is looking at retaining the growth momentum. The terminal aims to handle container volumes of a million teu by 2020.

Visakha Container Terminal (VCT) is planning to invest ₹650 crore by 2015-16 to enhance its capacity. VCT, which has been growing at a CAGR of 23.04 per cent during the last five years, aims to handle 1 million teu of container traffic by 2020.

“We will continue our growth momentum. Next year we will be handling 300,000 teu of container traffic. We have the advantages of a vast hinterland comprising Andhra Pradesh,

Chhattisgarh and Odisha. Historically backward, these areas are seeing fast paced industrialisation with many new industries including steel plants coming up. We also have a 17 m long natural draft, which does not require any dredging,” says an official of VCT.

It is also in talks with the government to relax cabotage for the terminal. VCT is gradually becoming the regional hub for transshipment. Today, Vizag handles the largest transshipment volume for any Indian Port.



“We already handle transshipment traffic to Kolkata-Haldia, Paradip, Chittagong and Yangon. This traffic is handled by an Indian flag vessel. Once we get cabotage relaxation we can look at increasing this traffic and become the transshipment hub on east coast,” says the official.

Currently, transshipment traffic accounts for about 25-30 per cent of the total container volumes at VCT. “We are hopeful that we get cabotage relaxation soon as the government had plans to make Chennai and Visakhapatnam as

the hubs for east coast. By 2020, 20-40 per cent of the total volumes will be transshipment traffic, about half million would be local and 15-20 per cent will be ICD traffic,” he said.

VCT has celebrated its 10th anniversary on June 26 this year. The concession agreement signed in 2002 with the Visakhapatnam Port Trust envisaged growth in phases and accordingly the management focused on creating capacities ahead of demand.

The VCT management invested in Ship to Shore Gantry Cranes, Reach Stackers and Rubber Tyred Gantry Cranes from the start.

Core Strengths

Vizag has the deepest natural container harbor in the country. As the port is situated in a central point of the east coast between Chennai and Kolkata, it is ideally placed to serve the entire east coast of India. Better infrastructure provided by the city, its connectivity by road and rail to the golden quadrilateral and the versatile Indian Railway system coupled with excellent last mile connectivity into the terminal – helped accentuate growth and business for the terminal.

Shipping lines operating at Vizag

Sixty eight container operators are registered with VCT. The list includes almost all major lines including Maersk, APL, PIL, MSC, SCI, RCL, Hyundai, CMA-CGM, CSAV, BTL, Far Shipping, Caravel, Wan Hai, Gold Star, Zim, Hanjin, Hamburg Sud, Hapag Lloyd, RCL, K Line, YML, NYK, OOCL, MOL, Safmarine, Seaways, Trans Asia Line, etc.

Operating environment

Visakhapatnam has a catchment area that stretches around 750 km radius on three sides. It is the ideal gateway for containerised cargo for coastal Andhra Pradesh and Chhattisgarh, most of Odisha, southern Madhya Pradesh, eastern Maharashtra (Vidarbha) and a convenient one for Jharkhand and West Bengal.

The profile of cargo shipped out of Vizag experienced a sea-change with the advent of the new container terminal. VCTPL now caters to

shipments including pharmaceuticals, ferro alloys, frozen seafood, aluminium, steel, chemicals, machinery, paper, engineering goods, foodstuff, refractories, cashew, glass, ceramic and batteries. Many a cargo that used to move in bulk are also now getting containerized.

“In the last decade, the metropolis of Visakhapatnam has grown manifold. New industrial clusters were developed and Special Economic Zones took shape for the production of ferro-alloys, pharmaceuticals, garments, and machinery. Major companies like Brandix, Abhijeet Ferro Alloys, Sarda Energy, RHI Clasil, Eisai Pharmaceuticals and Hospira Health Care have set up manufacturing facilities. And Vizag now serves as the gateway for industries including the Vedanta Group, Steel Authority of India,

Milestones

- Award of Concession License Agreement September 11, 2002
- Inauguration of the Terminal – June 26, 2003
- Arrival of First Vessel *Tiger Spring V.490* – 1535 hrs., June 28, 2003
- First Train flagged off to Tughlakabad – December 3, 2003
- Regular Feeder-ships to Colombo Feb 2, 2004
- Mainline Services Started – INDFEX 2 to China April 18, 2004
- First Transshipment - April 24, 2004
- Highest monthly volume – 5708 teu - November 2004
- Awarded ISO 9001-2000 - June 2007
- Awarded ISO 9001-2008 - 2010
- Regular Transshipment starts October 31, 2010
- Longest Vessel to call Maersk Dalton November 3, 2010
- Record in rake handling created – train handled in 10 Minutes - April 13, 2011
- Achieve Record volumes for a year – 234733 teu, 61.4 per cent increase
- New RMQCs and RTGCs inaugurated – September 21, 2012



Jindal, Bhushan Steel, and many more which are located in surrounding states,” says the official.

Opportunities and challenges

Large business houses continue to invest in and around the region. The proximity of an efficient container port has caused the shift of businesses to the vicinity of Vizag. As a result, Vizag is one of the premier container ports handling metals and allied products. More imports of raw material could catalyze movement of larger loads to the new factories at a distance from the port, so that the same equipment can be used to cater to the increasing export traffic.

The ICD traffic that had started soon after the terminal’s inception proved to be non-sustainable. Ports on the west coast of India were rendered more viable. A rationalisation of routes undertaken by Railways in 2011 further dimmed the possibility of the ICDs in the NCR moving cargo via Visakhapatnam. Other regulations, like the insistence that imported scrap had to be cleared only in specified locations and not at ICD Raipur, stemmed the possibility of enhanced rail movements happening between that location and Vizag.

Despite these issues, the fact that ICD traffic is happening through Vizag shows the advantages it can offer. In addition to locations in Chhattisgarh, rail movement is possible to many locations in Odisha too, where facilities are yet to develop. Northern ICDs too



can benefit by routing cargo via Vizag especially those to and from locations east of our country. A growth-friendly regime that can decide on a holistic growth vector, will improve the fortunes of Visakhapatnam as it can then play its role as the ideal gateway on the east coast of India more effectively.

VCT had undertaken a deep study of the local hinterland. Entrepreneurs were contacted and urged to use VCT. Growth momentum picked up in 2010 after the recessionary period in 2008 with Maersk mainline starting operations to China and of regular transshipment activity to Kolkata and Haldia that year.

“Our import volumes have either remained same or increased marginally, but we did not have any instance of delayed activity at VCTPL. We once again compliment you and your team on the tremendous improvement brought about by you, which has significantly

benefitted long term importers like us,” says Sanjeev Goel, ITC Paperboard.

Values @ VCT

The terminal always focused on implementing internationally accepted standards. The terminal has won awards for its record of performance, safety, security and environment protection. VCT thus proved itself as a port providing the appropriate levels of service.

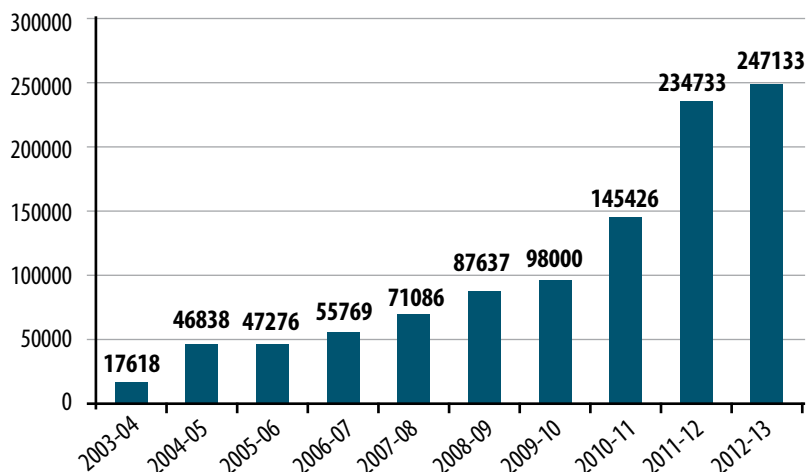
A full-fledged container terminal from the start, VCT undertook large investments in new equipment that would double its capacity. By September 2012, the terminal had two new post-Panamax ship-to-shore gantry cranes (RMQCs) and 4 new RTGCs.

The terminal now has four Rail Mounted Quay Cranes (RMQCs), one mobile harbour crane, six Rubber Tyre Gantry Cranes (RTGCs), six reach stackers and 22 internal transfer vehicles (ITVs).

Other infrastructure facilities of the terminal include – container yard with twenty foot equivalent Ground Slots (TGS), which is equivalent to 2,500 teu, 192 Reefer Points with adequate power back-up, designated yard for hazardous and OOG (Out of Gauge) containers and a five-lane gate complex. VCT also won the South East India Cargo & Logistics Award 2012 as the Fastest Growing Container Terminal.

With all these facilities and good hinterland connectivity, it will not be difficult for VCT to achieve its growth targets and to emerge as the transshipment hub on east coast. 

Volumes handled over the years



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Century Plyboards

Cost-effective CFS

Q Century Ply started as one of the first CFS facilities at Kolkata Port. What is its current capacity and how has been the growth over the last five years?

A Century Plyboards (I) Ltd has started the first private sector CFS in Kolkata. It became operational in 2008 with a capacity of 3,000 containers per month. Our growth over the last five years is quite obvious because growth of Kolkata Port Trust has doubled for the last five years.

Q What was the reason behind investing in two CFS facilities in this region in a span of two years?

A First, the capacity of Century Ply CFS was only 3,000 teu per month. We were envisaging that in future, Kolkata Port Trust traffic will become almost doubled. So to meet the future demand, we have invested in a larger facility which has the capacity of handling of 10,000 teu per month.

Q JJP CFS is a bigger facility. Can you tell us about the operations and future growth opportunities of JJP CFS?

A JJP CFS is a facility with an international state-of-the-art infrastructure. It is equipped to handle FCL, project cargo, LCL Cargo (Export & Import), empty containers, repairing of empty containers, export of FCL etc. We have approximately 8,000 square metres of undeveloped plot within the facility and a large warehouse would soon be built in it.

Century Plyboards (I) Ltd (CPIL) came into existence in 1986 as a result of the foresightedness of two visionaries – Sajjan Bhajanka and Sanjay Agarwal. Since then, the company has taken giant strides and is today, the largest seller of multi-use plywood and decorative veneers in the Indian organized plywood market. Over the years the company has also diversified its business interests. It has presence in various sectors including shipping, pest management and CFS. In fact, it is the first private sector CFS operator in Kolkata. The company is currently looking at expanding its various business portfolios. In an interview with Maritime Gateway, **Ashutosh Jaiswal**, VP and CFS operations, Century Plyboards (I) Ltd, talks about the company's future plans, its planned facilities in Gujarat and Myanmar and how this will help the company grow further.

Q How cost-competitive are you in this business?

A We are the most cost-effective CFS in India as our tariff is flexible and most economical with large volume. We design package for large importers and exporters to make them cost-effective.

Q What locations in India are currently being looked at by the company for expansion and what is your plan of investment for it?

A We do have plans to expand on pan-India basis. We are evaluating and studying locations which would be economically viable. Initially we intended to have presence in Mumbai, Chennai, and in some locations in North India. Our plan of investment would be around ₹150 crore.

Q What kind of revenues do CFSs bring to the parent company?

A CFS business is a very new business to Century Plyboards (I) Limited, vis-a-vis its parent business. Approximately 6 per cent of turnover of the company comes from CFS business.

Q How much captive business comes to CFS from CPIL?

A Only 2.3 per cent of the CFS revenue comes from Century Plyboards (I) Ltd as captive business.

Q As CPIL is planning a demerger, will you look at spinning off CFSs as a separate entity along with your shipping business?

A It is true that Century Plyboards (I) Ltd is planning a demerger, but only the Cement business is demerged and the rest is all under Century Plyboards (I) Ltd.

Q As a company with a large retail network of 350 distributors and 1,800 direct dealers and 7,000 sub-dealers across the country, what are the logistics issues faced by the company? And how do you ensure efficiency?

A The issue of distributing surface panel goods across the country has always been a big issue. To resolve it, the company has developed its manufacturing facilities across India – in the north, south, east, west and central parts of country. As a result, distributing the goods to and from all manufacturing units has become competitive and hassle-free.

Q With new factories planned in Myanmar and Gujarat, what are the advantages the company expects for its core business?

A Our new units in Gujarat would help free the flow of manufacturing products in the West, South West and North West. By setting up a factory in Myanmar, Century Plyboards (I) Limited has added another feather to its cap and basically this is a backward integration of surface panel business. Century Plyboards (I) Ltd would be continuously receiving surface panel raw materials from Myanmar to support its factories across the country.

Q How is the shipping business doing?

A We have just brought a Supermax Vessel under the name Style of Aegis Fortune and presently we are operating in the east coast of India.

Q It seems the company has plans to set up its MDF (Nesta) business in Andhra Pradesh. When does this materialize and what is the investment planned?

A We have been working on MDF business. The total investment is around ₹600 crore and the feasibility study is in progress. 



Essar Ports expanding presence *on the east coast*



Essar Ports Limited (EPL) is one of the largest private sector port companies in India in terms of capacity and throughput. The company, which is a major force to reckon with on west coast, is now looking at expanding its presence on the east of India. In an interview with **Maritime Gateway**, **Rajiv Agarwal**, MD, Essar Ports Ltd, talks about the company's future plans and the expected cargo growth on the east coast.

Q How has the performance of Essar Ports been so far?

A Performance has been as planned. We are setting up about 180 million tonnes of capacity on both east and west coasts. Earlier, we were largely on the west coast with Hazira, Jamnagar and Salaya which is about 120 million tonnes. Now we are also positioned well at two important locations on the east coast with Paradip where we have a general cargo terminal and Visakhapatnam where a coal terminal will commence.

At Paradip we will handle about 30 million tonnes. At Vizag we are modernizing the terminal at both inner harbour and outer harbour, which will handle about 30 million tonnes of iron ore. Both these projects give us a good presence on the east coast and also build our third-party volumes because at the moment we have very large captive cargo. We can go for expansion at all our existing facilities on the west coast. We hope to have 10-12 per cent of our national capacity at any given point of time. Also, we are looking at 30 per cent of our cargo coming from third-party sources.

Q Are you looking at any other locations for expansion?

A Certainly. Ports are a long-term business. These two terminals being part of existing ports, investment required to create capacities is much lower compared to green field ports. That gives us advantage of being economical and look at other opportunities.

Q What is the investment planned for east coast terminal projects?

A In Paradip our investment is around ₹1,300-1,400 crore for both the projects. In Vizag we are investing about ₹1,200 crore.

Q How do you look cargo growth on east coast?

A East coast is a mineral rich area. Majority of the cargo is coal, iron ore and import of petroleum products, which will continue to grow as country's requirements are growing.

We feel east coast maritime business has bright future. Also deep draft ports are limited.

Coal imports are increasing and iron ore exports will also go up.

Q You are now actively engaged with PPP projects. How is the experience?

A We have a good mix of both. Best part of our portfolio is that it is very diversified and fairly distributed with less risk. Our experience is that PPP projects are more straight jacketed with less flexibility for growth in terms of capacities, cargo and tariff. If you make a wrong bid or market does not behave as expected then one will be losing on the contract.

Q What is your opinion on the revised tariff guidelines?

A We should look at them in the backdrop of the limitations that exist. As Tariff Authority for Major Ports (TAMP) is part of the Major Port Trusts Act, the flexibility of changing the same is limited. I think whatever has been done is the first step in the process of evolution. 



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Q How do you look at the potential of India's east coast?

A East coast is rich in mineral resources and raw material production. East coast is on a growth trajectory as many manufacturing industries are coming up in Andhra Pradesh, Tamil Nadu and Odisha. An ecosystem is currently being created on east coast with industries and ports coming up here. There is a lot of scope for containerisation as well. In fact, the current development phase of east coast is similar to that of JNPT and Gujarat, where the growth of manufacturing has helped the development of ports and allied infrastructure. Port is not a stand-alone infrastructure project. It needs industries to sustain its growth while industries need to depend on ports and other infrastructure facilities to augment its productivity and efficiency.

JNPT and Gujarat had the advantage of becoming the gateway for the entire north and western belt cargo. Even if there was no immediate industrialisation in the vicinity of the ports, other cities with industries helped these ports to grow. We are also experiencing a similar trend on east coast. A high potential industrial growth corridor is being developed between Andhra Pradesh, Karnataka and Tamil Nadu. As a result, the Chennai-Bangalore industrial corridor is connecting with Krishnapatnam Port. We are also

witnessing the growth of manufacturing industries because of a container port.

North-eastern ports are unable to support the industrial growth in that region.

Overall the southern states, especially Tamil Nadu, Karnataka and Andhra Pradesh, have good growth potential. Andhra Pradesh, for instance, has one of the biggest export baskets. It exports not only minerals but agri-products as well. Guntur is one of the highest rice producing areas. It is also a centre of production for chilli, tobacco and cotton.

The growing trade between India and South East Asian countries especially China will be another driving factor of the east coast growth.

Q What advantages does Krishnapatnam offer and how equipped is the port to tap the growing potential of east coast?

A We are well equipped to handle all types of cargo. Krishnapatnam is the deepest draft port in the country. So we can handle large container vessels, making us an ideal transshipment location on east coast. We are emerging as the preferred gateway port on east coast due to our efficient services and high quality infrastructure facilities.

Krishnapatnam is a three-in-one port, designed to handle bulk, green and container cargo. Bulk would comprise

of iron ore, coal and fertilizers. Green would be agri-products, project cargo, automobiles, LNG and POL. We have built a ro-ro terminal and are now in talks with car manufacturers to use our facility. Cars can come from Chennai, Bangalore or Pune to Krishnapatnam, depending on the export location. If cars are meant for South East Asia, Australia or Africa, it is better to use Krishnapatnam Port due to proximity and efficiency in operations.

We also have excellent rail and road connectivity. There is no congestion and a train can directly come to our port and unload in three hours. This will help customers reduce supply chain cost as they can avoid multiple handling and storage costs. We have a two-lane rail head and can handle up to 60 trains a day. Currently we handle 15-20 trains. We also facilitate dialogues between importers and exporters and create an ecosystem around their needs.

Q What is your take on containerisation of cargo?

A Containerisation is the future. Currently, India handles less than 9 million teu of containerized cargo a year. A customer does not have to bear any additional expense due to containerisation. Instead, it gives the producer much more flexibility as against bulk exports. We are encouraging containerisation at our port.

“Competition benefits customers, country”

Krishnapatnam Port is slowly emerging as the preferred gateway destination on India's east coast. The port has developed state-of-the-art facilities and efficient delivery mechanism to serve its customers. In an interview with Sreekala G, Anil Yendluri, Director & CEO of KPCL, shares his perspective on the potential of east coast and the advantages offered by Krishnapatnam Port.



We provide our customers an option to containerize their cargo such as rice, maize or other agri-products.

If you are a rice exporter and have 100 tonnes of rice, the quantity is too small for you to book a ship and export as a bulk commodity. So the customer has to depend on a middleman who can aggregate the cargo from different producers. By containerizing, you can

cut middlemen margins as you can book a container and send the rice. Also, you do not need to depend on a large buyer. Besides, containerisation allows you to send your product to different destinations instead of exporting to a particular country and then shipping to different places.

Q What kind of policy support you expect from the government?

A The government should encourage exports and provide incentives to exports. We need to make our exports cost-competitive. If not, they get eliminated in the international market. Ports are one of the most important infrastructure components. If ports are not efficient, our exports and imports become expensive. The government should focus on developing transshipment hubs within the country.

Currently, our importers and exporters depend on Colombo or Singapore for their transshipment needs. This has resulted in about \$100-150 additional cost to each container. This is a major issue, especially, at a time when we are facing huge current account deficit and a weakening rupee. A transshipment hub within the country can curb the dollar outflow. We need to offer support and incentives to liners directly calling at our ports.

Q How do you look at competition?

A India is a vast country and there is enough cargo for everyone. Each port should focus on developing cargo hubs and an enabling ecosystem around their locations. People look for efficient, modern, customer-oriented ports. I think competition brings the best out of us and from our competitors. Ultimately, the country and the customers get benefited from competition. [mg](#)





Ever expanding cargo and capacities

KPCL expects to handle 45 million tonnes of cargo throughput in 2014-15 while its container volumes may touch 1 million in five years.

Sreekala G



Krishnapatnam Port Company Ltd (KPCL), one of the fastest growing private ports in the country, is betting big on the potential of India's east coast. The port, which has been witnessing an exponential growth in its cargo throughput, is looking at handling 45 million tonnes of cargo in 2014-15.

"During the initial year of operation in 2008-09, we handled 8.1 million tonnes of cargo throughput. In the second year, we recorded 100 per cent increase in throughput at 16.1 million tonnes. This financial year, we will handle 30 million tonnes of cargo," says Anil Yendluri, Director & CEO, KPCL.

According to him, if the iron ore mining ban is lifted the port will be able to handle 50 million tonnes of cargo in 2014-15.

The port's container terminal became operational in October last year and now it handles 1,000 containers every month. "We aim to touch 1 million containers in the fourth or fifth year of the terminal operations," says Yendluri.

The company is also making efforts to encourage containerisation of cargo such as rice, maize and other agri-products. This will help customers avoid wastage and pilferage besides offering flexibility in export volumes.

In the third year of KPCL's operations in July 2011, the Supreme Court banned iron ore mining in Karnataka. As a result, the port witnessed a slight drop in cargo throughput in 2010-11 and the subsequent year. In 2010-11 the port handled 15.9 million tonnes of cargo and in 2011-12 its cargo throughput stood at 15.4 million tonnes.

"During the initial years of our operations, iron ore constituted a majority of our cargo throughput. In 2008-09 of the total 8.1 million tonnes of throughput, 90 per cent was iron ore exports. Similarly in 2009-10, iron ore exports were our mainstay at 10.5 million tonnes. The share of iron ore dropped to 5 million tonnes in the third year and it touched zero in the fourth year," says Yendluri.

But the port managed to keep up its

growth momentum in the fourth year despite its cargo profile undergoing a drastic change. The port, with its world-class facilities and efficient services, started to receive a larger share of the country's coal imports. What accentuated its expanding share of coal imports was its better connectivity and proximity to a large number of power plants on east coast.

India imports about 80 million tonnes of coal per annum due to the increased demand from power plants and steelmakers. Another factor that should drive the coal imports is the drop in production in natural gas.

Krishnapatnam handled 11.2 million tonnes of coal imports in 2011-12 and the share of coal rose to over 16 million tonnes in the total throughput of 21.12 million tonnes handled by the port in 2012-13.

"Over the last five years we managed to expand our cargo basket rather than depending on one particular cargo. This fiscal, we will handle 3 million tonnes of textiles, 22 million tonnes of coal, 2 million tonnes of agri products, 1.2 million tonnes of edible oil and 2 million tonnes of granite and barite," says Yendluri.

Spread across 6,500 acres of land in Nellore district of Andhra Pradesh, KPCL has so far invested around ₹7,300 crore in its port facility. The port has 10 operational berths, of which eight are bulk cargo and the remaining are dedicated for container handling.

In the second phase of development, which is expected to be completed next year, the company will add an additional berth and two jetties for liquefied natural gas (LNG) and petrol and liquified petroleum gas (LPG).

The company expects to clock revenues of around ₹930 crore this financial year as against ₹630 crore in the previous year. 

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Rich hinterland poor infrastructure



Sal Fat (an equivalent of cocoa butter) from Shorea robusta tree is exclusively exported from the states of Odisha, Chhattisgarh, Jharkhand.

States including Bihar, Chhattisgarh and Jharkhand need a serious push in infrastructural development in order to boost cargo activities, exports and imports.

Itishree Samal

Last decade India has witnessed a tremendous growth in infrastructure, cargo handling capacity and international trade, however a few states such as Jharkhand still lack basic infrastructure to support the export and import growth. Despite being a mineral rich state, the state lacks basic infrastructure.

The country has the world's second largest road network, aggregating over 3.34 million km and carry about 65 per cent of freight and 80 per cent of passenger traffic. In rail network system, Indian Railways is the largest in Asia and the country ranks 16th among the maritime countries globally with 12 major ports and 187 minor ports.

However, only a few states possess the majority of the infrastructure. States

including Gujarat, Maharashtra, Tamil Nadu, Andhra Pradesh and Karnataka, together account for three-fourth of country's exports. Eastern part of the country accounts for only 10 per cent whereas the governments wanted to raise it to 20 per cent by 2020.

States including Bihar, Jharkhand and Chhattisgarh lack in infrastructure to support export, import and cargo handling activities.

Chhattisgarh

Major exportable products from Chhattisgarh are steel, handicrafts, handlooms, blended yarn, food and agri-products, iron, aluminum, cement, silk textiles, machine equipment, minerals and engineering products.

The state also exports cocoa butter's equivalent sal fat and coffee substitute

Cassia Tora to several European countries and Japan, a niser seeds, used as a feed for pigeons and ducks, to European and Gulf countries.

Around 75 per cent of the state's exports come from the region Bhilai and the rest from Urla, Bhanpuri and Sirgitti.

Despite having a wide variety of exportable products, the state does not have adequate infrastructure to support growth. To boost state's export infrastructure, the state government is planning to set up a dedicated cargo terminal at the Raipur airport, a ₹200-crore Multi Model Logistic Hub dry port, at NayaRaipur. It has received a nod from the Airport Authority of India, and signed a memorandum of understanding with the Container Corporation of India.

The 45-acre dry port would be completed in three years. It would provide warehousing, clearance and forwarding facilities and would work as a one-stop shop for exporters and importers. Goods stored at the warehouse would be transported by rail or road to containers, to be exported further by air or sea.

The container service from the hub would use all modes of transportation, road as well as rail, for transporting the goods to Visakhapatnam Port, for exports by sea or to the nearest international airport for air transfer.

Steel, cement, mining, aluminum and power are the major sectors in the state. The Chhattisgarh coal mine has reserves of around 450 million tonnes.

Adani Enterprises recently started its coal production at its Parsa East-kanta Basan mine in Chhattisgarh where it is the mine developer and operator. The mine is owned by Rajasthan Rajya Vidyut Utpadan Nigam.

The mineral rich state of Chhattisgarh will be in a position to produce 32 per cent of country's total steel production by 2015. The state will share about 35 per cent of country's total cement production.

Leading steel maker Jindal Steel and Power Limited has plans to expand its steel making capacity to 6 million tonne (MT) in next three years at its facility in Raigarh district. Also country's largest iron-ore producer NMDC, having major

“Despite having a wide variety of exportable products, the state does not have adequate infrastructure to support growth. To boost state's export infrastructure, the state government is planning to set up a dedicated cargo terminal at the Raipur airport, a ₹200-crore Multi Model Logistic Hub dry port, at NayaRaipur.”

mining operations in Chhattisgarh, has plans to set up a 3 MT steel plant near Jagdalpur.

The Tata and Essar groups have also signed memoranda of understanding with the Chhattisgarh government to set up a 5.5 MT and 3.2 MT steel plants respectively in Bastar region.

Despite lagging behind in export infrastructure, the state has been seeing substantial growth in its export activities in the recent years. The state's total exports have increased at a 38 per cent CAGR to \$643.6 million in 2008-09 from the year 2002-03. In last fiscal, its exports touched Rs 6,000 crore.

Bihar

The state is a major exporter of horticulture and agricultural products including lychee, guava, mango, fox nuts, honey, citrus, pineapple; organic vegetables such as potatoes, pumpkins, garlic and chilies to Britain, France, Germany and other European Union countries.

Bihar is a landlocked state devoid of port facility; the exportable products are mostly sold to merchant exporters based

in other cities including Mumbai. Over the years, the state had issues over cargo infrastructure, institutional mechanism and policy and programme support that hindered the economic growth.

Despite the economic downturn, Bihar has recorded a 14.5 per cent growth for the year 2012-13, which is three times higher of country's economic growth that stood at 5 per cent for the same period.

The growth is mainly attributed to state government's investments in improving infrastructure and construction activities. Over the years, the state had issues over cargo infrastructure, institutional mechanism and policy that hindered the economic growth.

To facilitate import and export, reduce transportation cost, Bihar has proposed to develop its first dry port, its logistics cum industrial park and the first inland container depot cum private freight terminal, at Bihta.

The ₹100 crore dry port will have container yards, cold storages, warehouses, railway sidings, cargo-handling equipment and administrative services for export and import clearances. It would connect to all major ports of the country.

Jharkhand

The state has potential in exporting handicrafts, silk, automobile and auto components, engineering products, textile bags, rice, precious and semi-precious stones and jewellery. With its rich mineral resources and industrial base, Jharkhand has great potential for export activities.

Like Bihar, Jharkhand also has minimal presence in exports on the national map despite being a mineral rich state. The state is also a landlocked state. Due to lack of infrastructure in the state, export activities are routed through Kolkata and Mumbai.

Recently, the state has taken up a few initiatives including opening of the Federation of Indian Export Organisations, an autonomous entity of the Union ministry of commerce, in the state to boost its exports.

The state is rich in natural resources and minerals, a number of proposals are coming forward for setting up of mega projects in the state. 



After long delay in the commissioning of the Eastern Dedicated Freight Corridor, the DFC project is now put on fast track

Itishree Samal

The Eastern Dedicated Freight Corridor project, part of the proposed 3,300-km Dedicated Freight Corridor (DFC), has been put on fast track after the multi-year delay in the commissioning of the project.

The eastern arm of the DFC project consists of a 1,839-km line from Ludhiana in Punjab to Dankuni in West Bengal.

The project, being implemented by the railways through the Dedicated Freight Corridor Corporation of India (DFCCIL) – the special purpose vehicle incorporated in 2006 to construct the dedicated freight corridors including the western dedicated freight corridor – has now extended the deadline to 2016 for completion of the first phase.

After a two-year delay, the contract for the first of the three phases on eastern corridor was awarded recently. The contract was awarded to Tata & Aldeva for part of Phase 1.

On the eastern corridor, China Railway First Group, a part of the Chinese government-owned China Railway Engineering Corporation, in consortium with Soma, Tata-Aldeva, IVRCL-KMB, Essar-Patel-BSCPL are among the 10 companies that have bid to build the Khurja-Bhaupur (343 km) stretch.

For the Phase 2 of eastern corridor for laying a 393-km long rail route from Kanpur to Mughalsarai in Uttar Pradesh, the bidding process has already started for the ₹4000-crore project. Around 24 companies, including global firms in joint venture with leading Indian construction majors including Tata Projects and Punj Llyod, have submitted their bid applications.

Funding

The World Bank has agreed to part-finance the total in-principle loan commitment of \$2.725 billion for the eastern corridor project from Mughal Sarai to Ludhiana, which has been divided into three phases.

In 2011, the World Bank had approved a loan of \$975 million for the first phase of the corridor from Khurja to Bhaupur.

The World Bank is now expected to sanction \$1,050 million loan for the Kanpur-Ludhiana section.

Advantages of DFC

The freight traffic movement in the country would get a boost once DFC gets commissioned in the next few years.

With the pushing for more passenger trains on the existing tracks every year, the existing rail networks are failing to support the demand

for high freight movement. In this context, the DFC project would be a key infrastructure in the 150-year history of Indian Railways.

Under the project, rail lines dedicated for goods transport would have capacity to support a 1.5-km long train to run at a 100 kmph speed with a load of 15,000 tonnes, as against the current speed of 25 kmph on the existing overly congested network.

Currently, the existing trunk routes of Howrah-Delhi on the east and Mumbai-Delhi on the west are saturated, with line capacity utilisation between 115 per cent and 150 per cent.

It aims to connect the important freight lanes linking four cities of Delhi, Mumbai, Chennai and Howrah (Kolkata), and two diagonals (Delhi-Chennai and Mumbai-Howrah), adding a route length of 10,122 km. Currently, the stretch carries 55 per cent of revenue earning freight traffic of Indian Railways.

The DFC project is being constructed by Indian companies including Tata Projects, Essar Projects and IVRCL Infrastructure along with their global counterparts from China, Russia and Spain.

Around 89 per cent of land acquisitions for both the corridors have been done by DFCCIL under the Railway Amendment Act 2008. It has completed land acquisition for a 2,800 km stretch on the eastern and the western arms of the project.

DFC would enhance cargo handling capacity to around 13-14,000 tonnes with an average speed of 65-70 kmph or compared to current 5,000 tonnes in one train with an average speed of 25 kmph. Also, the corridor would give a boost to the industrial growth in the country by providing better cargo facilities and facilitating industrial zones on either sides of the corridor.

In India, more than 90 per cent of coal output of 557 mt is transported through rail. So, the eastern corridor would absorb a bulk of the coal traffic in the country from four coalfields including Mand Raigarh in Chhattisgarh (100 million tonnes per annum or mtpa), Korba in Chhattisgarh (125 mtpa), IB Valley in Odisha (192 mtpa) and Karanpura in Jharkhand. [img](#)

It is projected that the **Phase 1** of both corridors will be completed by **2017**, and the **Phase 2** of both corridors by **2018**.



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Demand for dedicated berths

The Government has prioritised the use of gas for fertilizer plants and Indian fertilizer manufacturers are increasingly upping their raw material import to compensate for what they can not find back home. This spells good luck for coasts on the east coasts that are building LNG terminals and dedicating special berths for importing fertilizers.

Deepika Amirapu

CHALLENGES @ PORTS



- Loading and unloading at ports
- Most bulk handling at ports controlled by labour unions
- Poor output
- Solution lies in mechanization and palletisation
- Ports should have bulk packing & stacking facilities at site

CHALLENGES @ RAILWAYS



- Demurrage – 24 hrs unloading & loading facility at both ends should be provided
- Provision of mechanical unloading equipment
- Open wagons for sensitive cargo
- Increase in axle capacity without carrying out increase in infrastructure

CHALLENGES @ ROAD TRANSPORT



- No uniform freight rate / MT / km
- Re-imbursement is given by Govt. – 60% of actual loss
- Escalation formula of freight by road should be fixed
- Encouragement of 65 MT trucks for bulk transfer
- Packaged Commodities Act to be modified to permit various kinds of bags, i.e., 1 MT, 0.5 MT, 50 kg, 25 kg and 10 kg

Fertilizers have been the one of the main stays of ports on the east coast of India. The southeastern region has several fertilizer manufacturing plants along its coasts to cater to a growing urban population and emerging manufacturing and power generation hubs.

India is currently the second largest consumer of fertilizers in the world after China and accounts for about 17 per cent of the world's consumption. According to data available with the Fertiliser Ministry, India's fertilizer imports grew to \$496.46 million in June- 2013, increasing by 41.29 per cent compared to May 2013. The country imported 7.04 million tonnes of urea in the entire 2012-13 fiscal for nearly \$3 billion, according to government data.

A study by IIM-A reveals that by 2020, fertilizer demand in the country is projected to increase to about 41.6 million tonnes – 23 million tonnes of N, 11.5 million tonnes of P and 7.1 million tonnes of K. The projected fertilizer demand in eastern and southern region is expected to grow at a faster rate compared with north and west. To meet the projected demand of about 41.6 million tonnes in 2020, additional capacity will be needed. Overall, a conducive and stable policy environment, availability of raw materials, capital resources, and price incentives will play a critical role in meeting the fertilizer requirements of the country.

Fertilizer Report as on 31/03/2013

Qty. in Lakh MT

Ports Name	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Total
Chennai	0.00	0.00	0.00	0.00	0.00	0.22	0.00	0.39	0.00	0.00	0.00	0.00	0.61
Gangavaram	0.00	0.00	0.00	0.00	0.00	1.13	0.57	2.80	1.25	0.00	0.00	0.00	5.75
Gopalpur	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Haldia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kakinada	0.48	0.00	0.48	0.39	0.48	1.30	0.00	0.00	0.65	0.48	0.00	0.00	4.26
Karaikal	0.00	0.00	0.00	0.60	0.00	1.20	1.07	1.06	1.24	0.00	0.00	0.00	5.17
Krishnapatnam	0.00	0.00	0.55	0.00	0.00	1.90	2.27	1.79	1.75	0.00	0.00	0.00	8.26
Paradip	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.00	1.12	0.00	0.00	0.00	1.42
Tuticorin	0.00	0.41	0.30	0.00	0.31	0.22	0.48	0.39	0.00	0.00	0.42	0.00	2.53
Vizag	0.44	0.00	0.00	1.91	0.00	1.14	0.80	0.82	0.30	0.00	0.35	0.48	6.24

* Source: Government of India, Ministry of Fertilizers.

Remold, Head, Southern Region of the Fertilizer Association of India says, "Andhra Pradesh is the biggest manufacturer of fertilizers on the east coast followed by Odisha and Tamil Nadu. Most of the imports from the country happen from Vizag, Kakinada and Tuticorin ports."

Coromandel Fertilizers, India's second largest manufacturer of fertilizers, has four manufacturing plants along the east coast and imports five raw materials from the ports. Kapil Mehan, Managing Director, Coromandel Fertilizers says, "We import close to 3.5 million tonnes of raw material worth over ₹1 billion every year. We have our own jetty at Vizag and we're customers of preference at the Kakinada Port." The company has pipelines from the ports leading up to all its plants. The firm imports most of its materials from Tunisia, US, Israel, Jordan, Qatar and Saudi Arabia.

Urea is imported by three – India Potash Limited (IPL), MMTC and STC – on behalf of the government to meet domestic shortfall. The country produces about 22 million tonnes against an annual domestic demand of 30 million tonnes. The cargo is moved by railways mostly. The major share in transportation of fertilizers is of the Railways. During 2011-12, Railways moved more than 75 per cent of the fertilizers.

A report release by CII and KPMG on the 'Outlook for East Coast Ports



"To reclaim the health and growth prospects of India's fertilizer industry, the government should come up with long term realistic vision rather than a myopic policy to tide over crises in the long term. The issue of allowing subsidies should be clear so that the industry can chart its growth plans accordingly."

in India' said, "During the next five years, cargo traffic at major ports along the east coast is expected to increase by an average of 15 per cent with the highest growth expected in Kolkata and Ennore ports at 37 per cent and 23 per cent respectively. Also, the cargo-handling capacity at Kolkata Port is expected to increase from 17 million tonnes in 2011-12 to 89 million tonnes in 2016-17 with a CAGR of 39 per cent. Most of the increase in cargo is expected to come from handling more commodities such as rice, maize, fertilizers and cement.

Paradip and Visakhapatnam ports are expected to continue the trend of handling highest cargo capacity with 157 million tonnes and 140 million tonnes among east coast ports. Similarly, east bound imports increased at a CAGR of 25 per cent during the same period, primarily from China (contributing 37 per cent), Korea (9 per cent), Hong Kong (8 per cent) and Indonesia (8 per cent).

To meet India's growing fertilizer needs, the ports have to expand and equip themselves with the necessary infrastructure in the next five years. "The quantum of import is growing year after year. Ports will have to construct dedicated berths for handling an increase in cargo. Fertilizer cargo needs to be handled with care as it is very volatile and needs specialized pipelines to carry it to the plants," Remold said. 

Maintenance dredging is the mantra

DCI is looking at maintenance dredging contracts abroad besides increasing its share to 80 per cent in Indian market.

Sreekala G



The Dredging Corporation of India (DCI) aims to capture 80 per cent share in the country's maintenance dredging market. The Public Sector Unit (PSU) currently has about 60 per cent share in India's 100-million cubic metre annual maintenance dredging volumes.

The company has also procured new dredgers to meet the growing requirements for dredging in Indian ports.

The company also has plans to place order for two 9,000 cubic metres capacity before the end of the Twelfth Plan period. While the company will tap internal accruals and bank funding for the two new dredgers, it is in talks with Paradip Port Trust for fund raising.

"We do maintenance dredging for Paradip Port six months a year. We are in talks with them to part-finance the new dredgers so that one of them can be deployed there permanently. The port trust has showed interest and if the



We placed orders for three 5,500-cubic-metre Trailer Suction Hopper Dredgers (TSHDs), of which two have already been commissioned. The third one is expected to come by March next year. This will help us expand our share in the market and take up capital dredging work.



D K Mohanty
Chairman & Managing Director, DCI

proposal goes through we will enter into an agreement for buying dredgers," says Mohanty.

The company does maintenance dredging for Kandla, Kolkata and Cochin ports as they need to desilt throughout the year. "Our focus is on maintenance dredging as we have expertise and experience in that area. We are well equipped to compete with private players including international companies in maintenance dredging," he says.

Besides, the company sees new opportunities for capital dredging on east coast with the Centre's decision to set up two major ports in Andhra Pradesh and West Bengal. Currently, it is doing capital dredging work for Ennore Port to accommodate 15,000-teu vessels. "We are looking at completing the work at Ennore by October-end," Mohanty says.

The company also sees opportunities with new public private partnerships at major ports for container terminals. Chennai, Ennore and JNPT have made plans to tie up with private companies for setting up new container terminals.

"India is a big dredging market with lot of opportunities. As a result, increased competition does not hurt us," says Mohanty.

However, the weakening rupee has spelt trouble for DCI, which has taken Euro loans to fund its new dredgers. The three dredgers cost the company about ₹1,570 crore, of which 80 per cent was funded through Euro loans.

"We borrowed from Eurozone as finance was cheaper at 2-3 per cent interest rate. Though it is too early to predict the exact impact, our interest payment will rise as the rupee is sliding. If it continues, it will affect our bottom line," says Mohanty.

DCI recorded ₹10.06 crore profit in the quarter ended June 2013 as against net loss of ₹6.68 crore during the previous quarter ended June 2012. The company's revenues rose 37.97 per cent to ₹176.47 crore in the quarter ended June 2013 as against ₹127.9 crore during the previous quarter ended June 2012.

DCI is looking at winning maintenance dredging contract abroad to improve its revenues. "It will also help our foreign earning inflow. Earlier, we had done maintenance dredging for some ports in Taiwan and Gulf region. Once we procure new dredgers we will bid for new contracts in ports abroad," says Mohanty. **WIB**



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ENNORE PORT **EMERGISED PERFORMANCE**

Conceived to be India's energy port, the Ennore Port is one of the youngest of India's major ports. While it was envisaged to cater to Tamil Nadu's power sector, importing coal from neighbouring countries, the port quickly expanded its scope over the years and is now shaping up to handle petroleum, naphtha, oil and other products with the marine liquid terminal coming up.

In his first interview with Maritime Gateway, **Bhaskarachar**, Chairman and Managing Director, Ennore Port Limited shares his vision.

Q What kind of growth in cargo throughput is expected in the near term and in last five years?

A During the last five years Ennore Port has witnessed a growth rate of more than 50 per cent in cargo throughput. The trend is likely to continue. As of now, the cargo throughput in the current year has grown at the rate of over 50 per cent compared to previous year.

Q What are the main cargo that contribute to maximum volumes and kindly provide a break up?

A The main cargo handled at Ennore Port is Coal which constitutes around 80 per cent and the other cargoes are Automobiles, POL products, Chemicals and LPG.

Q What are the main opportunities and the challenges for the port?

A Ennore Port is situated 25 km north of Chennai and is well-connected



with road and railways. The port has sufficient land and waterfront which are to be utilized for all the future needs. There are competing ports in the vicinity due to which the port has to be cost effective and provide quality service to overcome the challenges of competition.

Q How do you look at competition?

A Considering better connectivity, availability of land and waterfront, cost-effectiveness and quality service, we will be able to garner enough business irrespective of competition.

Q Could you state three factors that distinguish your port from the others in the state or on the East Coast?

A Some factors are the landlord model with lean organization, corporate model and freedom of Tariff fixation are the three major factors that distinguish Ennore Port from other Major Ports.

Q What in your opinion are the major achievements of the port?

A Started as a Coal Port to cater to the need of the thermal power stations of Tamil Nadu, Ennore Port has now bloomed into a multi cargo Port. The other achievements are successful implementation of PPP projects and having long-term agreements with users. The port has earned excellent achievement in MoU consecutively for five years.

Q What are your suggestions for improving efficiency?

A Making the port more cost effective, facilitating more Port-based captive industries and implementing IT Infrastructure etc.

Q How is the infrastructure and hinterland connectivity to the port?

A We have berths for handling liquid cargo, LPG, cars, coal and iron ore. Also we are planning

to construct berths for Containers and Multi-cargo. Regarding connectivity, the Port is well connected with NH 4, 5, and 45 and also with Southern Railways.

Q Could you tell us of your top customers?

A Some of our major customers are TANGEDCO, NTECL, KPCL, NISSAN, TOYOTA, FORD, ASHOK LEYLAND, INDIAN OIL CORPORATION, BPCL, HPCL and other industries requiring Coal, Chemicals and other liquids.

Q What are the challenges in attracting private investment to port projects? Also, since bond issues have not elicited the expected response from retail investors, what alternate means of funding will you consider to support your infrastructure requirements?

A At present we do not face any difficulty for meeting our financial requirements for our Plan Projects. We are planning to issue Tax Free Bonds of about ₹500 crores during the current year which will be utilized for acquiring lands for port related industries from Salt Department and also to meet Capital Dredging requirements.

Q What is the status of ongoing PPP projects at the port? How do you plan to overcome the PPP implementation issues?

A The Container Terminal Project and Multi-Cargo Terminal project are planned to be awarded before the end of December, 2013. We have already received RFQs. We do not find any difficulty in implementation of PPP projects at present except few issues which are being addressed as per the Licence Agreements.

Q Do you feel corporatisation of ports is the solution for all issues?

A I feel that Corporatisation of Ports will help to take decisions quickly and also an easy access to capital markets by raising equity. The corporatised structure will bring in more uniformity, standardisation, better corporate governance and enhanced delegation of powers. [mg](#)



Estimates suggest that about a third of all containers handled by ports located on America's West Coast were transloaded into containers in the year 2012. Since goods exported or imported by transloading exposes them to the risk of damage, cargo such as apparel, dismountable furniture, electronic goods, and other white goods which are not very fragile are usually transloaded.

Critics who are not in favour of this system say that transloading at the Kolkata Port would not be viable for the entire year due to bad weather. An industry expert says, "Though in principle it is economical for the importers of large bulk cargo like coal, the disadvantages outweigh this mode."

Another reason why many firms have not come forward to execute this project is because of the perils of double handling. Cargo will be handled by operators twice over before it reaches the destination leading to operational time loss. Also, due to multiple handling, there could be a minor dispute in total quantity due to "multiple draft survey".

Transloading involves movements where cargo brought in by ship is loaded from one vessel to another. The biggest benefit of this system is that it leads to a cost saving as destuffing or stripping of cargo is reduced and contents are loaded from one vessel to another directly.

Deepika Amirapu

A study conducted by Hofstra University, by the Department of Global Studies, states a few drawbacks of transloading. "There are also some drawbacks for transloading, particularly its associated costs and time delays since it essentially represents an additional load break along the supply chain. Transloading also assumes the availability of domestic containers, which can be problematic if trade flows are imbalanced for the concerned port terminal. It should also be considered that not all cargo is suitable for transloading. For instance, if the goods have a high density the capacity of domestic containers cannot be fully utilized. Last, transloading involves a risk of damaging the cargo as well as potential theft. It is therefore not suitable for high value shipments.

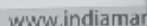
"Currently, Jindal ITF is the contractor for coal transloading at the Kolkata Port. The company has hired expensive infrastructure that is idling at Sandheads at a huge cost and no coal is being transloaded currently. The operations have to be programmed to be running smoothly all through the year," said the industry tracker.

However, if procedural delays are avoided, it could be a boon for the shipping companies. The study says, "Maritime shipping companies also benefit from transloading since it reduces the repositioning of empty containers from inland locations. The outcome is a higher usage rate of maritime container assets through faster turnovers. This is particularly important if trade flows are imbalanced. There is however a risk of container damage. Paradoxically, transloading makes less maritime container equipment available inland for exports, which involves less revenue for return trips."

Transloading is being undertaken at many ports the world over. Ports located on the east coast of USA and some riverine ports in Europe opt for transloading. It is certainly implementable in India wherever there are a variety of port limitations. In a country like ours, it is perhaps the solution for riverine ports and ports with draft limitations. Ports that deal in bulk cargoes can certainly choose transloading over to help handle large volumes of cargo at an affordable cost and adequate infrastructure. 

	Advantages	Disadvantages
Importers	- Reduction of unit transport costs - Value-added activities (sorting, packing, labeling, etc.) - Routing flexibility through postponement - Improves global access	- Transloading costs - Loss of at least one day of inland transit time - Possible shortage of domestic containers - Not all cargo is suitable - Reconciling different container loads (additional delays) - Risk of damage or theft of cargo during transloading
Maritime shipping	- Limit repositioning of empty containers - Higher asset utilisation (faster container turnover)	- Risk of container damage - Less equipment available inland for exports

Source: adapted from The Tioga Group: Containerized Intermodal Goods Movement Assessment, North American Logistics Chain, Transportation Issues and Trends.



Tariff woes dampen exports

India's expertise in farming and exporting fish to the world is well recorded. But, if infrastructure at the ports with respect to handling and storing is not advanced, the value of the commodity will decline and India could stand to lose its distinction as the 'Fish Basket of Asia'.

Deepika Amirapu

Sea food exports have been among the prominent non-conventional products traded between India and a dozen odd nations since 1939. Contributing significantly to the country's forex earning, they have reported steady growth in the recent years, making India a noticeable player among maritime nations in the world.

Chennai, Mumbai, Kerala and Visakhapatnam are the four biggest seafood-exporting ports in India with 30, 13, 10 and 8 per cent share by value and 11, 23, 12, and 21 per cent by volume respectively. In fact, exports of the Vannamei variety of shrimps that are cultured in Andhra Pradesh and Odisha fetched the country \$730 million in

revenues compared to \$385 million the previous year.

Nevertheless, sea food exporters have been facing numerous constraints that limit their institution from growing. While trade restrictions imposed by importing countries have been addressed, non-tariff barriers such as improper infrastructure at factories and ports pose as main lacunae restricting trade and rendering the business less sustainable.

In India, fisheries are a state subject and, therefore, state governments are accountable for the developing and furthering the trade. Although Andhra Pradesh tops the charts in terms of maximum sea food manufacturing



and exports, there is not even a single advanced tuna landing centre in the port city of Visakhapatnam. YGK Murthy, President of the Association of Indian Fisheries, laments that the rising cost of diesel using trawlers was becoming uneconomical for the fishermen. Several firms are now mulling on switching to longline fishing.

The Sea Food Exporters Association of India says the industry is passing through a tough phase right now. The bull run the industry experienced in the last fiscal may not continue. "Though the current setback could be attributed to some unforeseen developments in the international scene, the impact has been devastating," said V Padmanabham, president of the association.

Some of the issues which require the immediate attention of and redressal by the concerned authorities are related to both tariff-based and non-tariff-based issues.

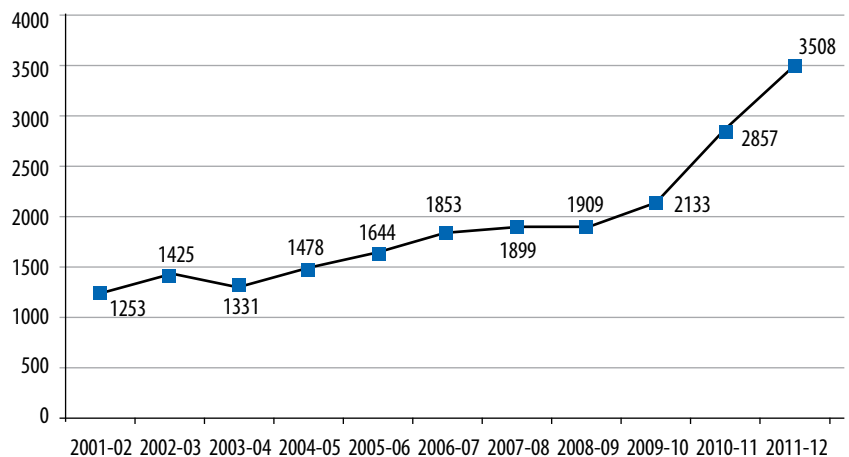
Tariff-based issues:

Increase in reefer base rates

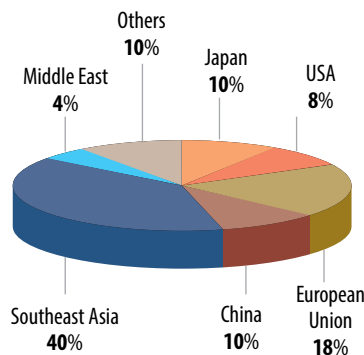
All the shipping lines operating from Indian coasts have unilaterally announced an increase of \$1500 in freezer container freight rates irrespective of the size of the container and port of destination. However, these rates do not the actual tariff collected from the shippers. They vary from shipper to shipper based on a special contract signed between individual

"The buyers in the European nations reject Indian products labeling them as dirty cargo. We have been asking the ports to provide reefer container stuffing to increase the longevity of our products. That still remains a pipe dream."

Marine Products Export Growth in \$ Terms



Market wise Exports 2011-12 (In Qty)



Major Port-wise Exports

Vizag, Chennai, Kochi, Mumbai, Tuticorin, Kolkata, Pipavav.

The supply chain: Fisherman > Commission Agent > Supplier (Pre-processor) > Exporter

shipper and the freight carrier. All other shippers will be subject to the open tariff rate filed with FMC, the US federal maritime agency that regulates ocean transportation and export of sea food. Although the increase in rates have been fixed, the lack of effective legislation for fixing freight rates have led to the shippers indulging in negotiating practices by the shippers.

One exporter from Vizag complains that the freight carriers have neither discussed the increase with the shippers nor published their prior intention to increase the rates. What comes as double whammy is a further increase in rates

that reflects through mechanisms as BAF (Bunker Adjustment Factor), CAF (Currency Adjustment Factor), GRI (General Rate Increase), PSS (Peak Season Surcharge) and CS (Congestion Surcharge).

Seafood shippers exporting low-value seafood to destinations to East Asia and the Middle East will be put to serious problems as they are unable to compete with their competitors who are not subject to such unilateral increase. Many exporters have now started resorting to transshipment of sea food through foreign ports to overcome the high freight charges at the Chennai, Cochin, Mumbai ports

Terminal Handling Charges (THC)

A major hurdle faced by the seafood export industry in India is the exorbitant Terminal Handling Charges (THC) levied by Indian terminal operator. Although the scale of rates for the THC is fixed by Tariff Authority for Major Ports (TAMP), the shipping services sector pays little heed to the regulatory body knowing full well that no penal action will be taken against them. The THC in Indian ports today are very high compared to ports in the neighbouring countries including Sri Lanka and the Middle East region

According to the Sea Farers Exporters Association, more than half of Colombo Port's total cargo volume comes from India. Needless to say, this is due to the high charges at Indian ports. Reports further reveal that Colombo Port is all set to increase its

cargo handling capacity to three times the present capacity, in anticipation of a further increase in Indian cargo through it.

Improper infrastructure facilities

Sea food has been exported from three ports on the east coast of India for many decades now. Yet, there are no facilities at the container freight station to store perishable commodities in reefer containers. The cold storages used for other edible commodities such as fruits and sea food are not maintained separately. "The buyers in the European nations reject Indian products immediately labeling them as dirty cargo. We have been asking the ports to provide us reefer container stuffing to increase the longevity of our products, but that still remains a pipeline dream."

Customs issues

Inspection of products at the customs department is another concern often raised by the porters. While some customs officers prefer to inspect the products at the factories prior to sealing,

some others inspect the packed produce once it is brought to the CFS. This irregularity in practice irks exporters as some goods have to be re packed to ensure they do not rot. Other problems faced at the customs house include verification of refunds. In seafood sector many incentive claims worth over ₹300 crore are still to be cleared by the customs officials. Applications are filed online by exporters for availing incentives due to them. This requires online verification of customs bill copies from the point of origin that needs to be cleared by the customs officials who authorized the shipment.

Tariff Barriers

Anti-Dumping Duty

The US anti-dumping duty on frozen shrimp imports from India was imposed from August 2004. The average duty imposed on Indian companies was 10.17 per cent and in the first AR this was cut to 7.22 per cent. It was further reduced to 1.69 per cent in the second AR and to 0.79 per cent in the third. In the fifth AR, this was raised to 1.69 per cent.

After the sixth Administrative Review (AR) it has been further enhanced to 2.51 per cent, from 1.69 per cent, further reducing it to 0 per cent last year. The revised duty is applicable from February 2011 to January 2012. This decision of DoC will be effective from 2013 when the seventh administrative review completes. Whereas the number of Indian companies exporting to the US in the year 2005 stood at 270, the number stands at an abysmal 68 exporters today due to unfavourable and uncertain policies adopted by importing countries.

CVD petition filed against seven countries including India

The 'Coalition of Gulf Shrimp Industries' of the US has filed a petition before the International Trade Administration, the United States Department of Commerce (DoC) and the United States International Trade Commission (ITC), demanding the imposition of countervailing duties on certain frozen warm water shrimps from China, Ecuador, India, Indonesia, Malaysia, Thailand and Vietnam.

The petition alleges that the Government of India is aggressively promoting its shrimp industry through the provision of generous government subsidies. It calls for the initiation of an investigation into the countervailable subsidies provided to the Indian shrimp industry, and to impose duties through a countervailing duty order in an amount that would offset the benefit conferred by these subsidies. Due to the enforcement of this order, many exporters are wary of sending their produce for fear of being rejected as unclean cargo.

Seafood exports have always figured on the 'growth sectors' side of the country's economy, but periodic policy formulations haven't done enough to improve upon the growth of this industry. Exporters feel the policy changes are effected without taking into account important factors such as the comparative situation of competitors' economies.

With the international markets, particularly the USA and EEC, being very weak and risky due to economic crisis, the prospects of the sector and its employment force of more than three million people will be jeopardized. 





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As President of the Indian Gherkin Exporters' Association, **Chandramouli** is no stranger to the field of agriculture and exports. After his stint with Hindustan Unilever studying its tea division, he moved to join Global Green as a deputy manager and assumed his duties to oversee the firm's agricultural operations in 2004. Seven years on, he's risen to be the Vice President of Agricultural Strategy at the firm. In addition to this responsibility, Chandramouli also heads the Indian Gherkin Exporter's Association. His primary responsibility as head of the association, he says, is to bring about synergy between farmers, processors, end-customers and the government and ensure that every stakeholder is profited. In an exclusive interview with MG's Anuradha, he explains the role of the association in enhancing exports. Edited excerpts.

Foreign Trade or the US Food and Drug Administration, it procures an export license. There are two types of exports from India, viz. industrial bulk in High Density Polyethylene (HDPE) barrels and retail packs in glass jars and further packed in cartons. The industrial packs are repacked into consumer packs in import countries after minimal processing.

Gherkins exporters basically face three challenges – availability of quality raw material, vagaries of weather and the competing crops. Farmers have the option of growing gherkins or other seasonal crops. A gherkin as a crop is labour intensive; farmers prefer to cultivate other cash crops.

There are also other regulatory challenges. For example, customs clearance is required for export and if the customs authorities decide to open and do a random check of a container, the chances are few cartons could get damaged while rearranging. Even a small spillover will result in the entire container getting rejected by the importer.

Also, exports to certain markets can be extremely challenging in terms of high rates of duty, non-tariff barriers, and high inflation in India.

Q Are there any special regulations or exemptions governing export of gherkins and which are the countries to which India exports its gherkins?

A There are no special regulations for export of gherkins. The same rules which govern export oriented units, or EOUs, are applicable to gherkins exporters too with compliance to food processing laws. It is necessary for gherkins exporters to be registered with the Agricultural & Processed Food Products Export Development Authority (APEDA) to avail of subsidies and benefits.

India exports gherkins to mainly the US, Europe, Russia, France, Germany, Canada, Spain, New Zealand and 50 other nations.

Q With Karnataka being the largest producer of gherkins,

Global business for Gherkins	India's export volumes	India exports to
\$3 billion	2, 25,000 metric tonnes per annum	50 countries incl USA, France, Germany, Canada, Australia, Spain, and South Korea

Q What role does the Indian Gherkin Exporters Association play in promoting exports of this commodity?

A The Gherkin Exporters Association has been established to promote training and cultivation of gherkins, to promote the welfare and also safeguard the interests of exporters and to encourage and develop friendly relationships between exporters, processors and farmers and tackle issues faced by exporters. Being an export-oriented industry, both the Central and State governments have extended considerable support and encouragement to the gherkin industry.

In India there are about 51 major companies producing and exporting gherkins in bulk industrial packs and ready-to-eat consumer packs in jars. A major initiative that we undertook was the setting up of a separate "Agri Export Zone" for gherkins in Karnataka, Andhra Pradesh and Tamil Nadu. The Indian Gherkin Exporters' Association (IGEA)

closely works with all the stakeholders to make the industry more competitive in the global market.

Q What is the size of the gherkin export market in India?

A The global demand for gherkins is around \$3 billion. India is expected to double its exports in 3-5 years from the current ₹856 crore (2011-12) to ₹1,500 crore. The world over, the US is the largest market, followed by France, Germany, Canada, Russia etc. Karnataka state contributes more than 80 per cent of the country's gherkin production. There are nearly 1 lakh small and marginal farmers involved in gherkin farming and the state produced 1.5 lakh tonnes of gherkin in 50,000 hectares of land in 2012-13.

Q How are Gherkins exported from India and what challenges do the exporters face?

A Once an export company registers itself with the Director General of

how is the commodity exported from the state to international ports?

A The commodity is transported from Bangalore in containers by road/rail. Chennai and Mumbai are the two major ports and shipment types are FOB and CIF. Cost, Insurance & Freight (CIF) is an international trade term of sale in which, for the quoted price, the seller/exporter/manufacturer clears the goods past the ship's rail at the port of shipment (not destination). Free On Board (FOB) is an international trade term of sale in which, for the quoted price, the seller/exporter/manufacturer clears the goods for export and is responsible for the costs and risks of delivering the goods past the ship's rail at the named port of shipment.

Q Why are gherkins a chosen crop? And what are some of the challenges associated with growing gherkins?

A Gherkins largely benefits small and marginal



Dr M R ChandraMouli,
Vice President – External
Affairs & Agri Strategy,
Global Green Company &
President – Indian Gherkin
Exporters' Association

'India to double its gherkin exports turnover in five years'

farmers. There is a general lack of awareness of the overall benefits of growing gherkins and as a result the potential to increase production is reduced. It should be made a mandatory crop.

We do not as of now produce seeds and seeds are imported. We need to focus on manufacturing quality seeds in India and the government should extend its support for the same. The Association extends R&D support for such initiatives.

In several countries there are issues with legacy duties, i.e. high duties were implemented to deter imports and encourage local farming. Although many of these countries do not grow gherkins and import 100 percent of their requirements, these legacy duties continue to remain. The government should intervene and help exporters by relieving them of these additional expenses to increase the competitiveness of Indian gherkins.

Q How prevalent is contract farming among gherkin exporters? How has Karnataka emerged to be the biggest gherkin exporter in the country?

A Gherkin farmers grow the product through contract farming alone as private companies cannot own land for growing crops for commercial purpose. Owning land is limited to agri research and development activities but it requires special permission and approvals from the government. As a result, it is only contract farming with small and marginal farmers has emerged as the model in India.

The soil and the weather conditions in Karnataka are ideal for gherkin production for 10 months in year and up to three crop cycles are possible in a year

Q What is the future of gherkins industry in India?

A If the challenges are addressed, India can double its export turnover in five years. **mg**

KAKINADA ANCHORAGE PORT

Deepika Amirapu

Exporters using the Kakinada anchorage port, breathe easy! The port has drawn up plans to upgrade its current infrastructure to help ease congestion and allow quicker transit of edible commodities shipped from the port.

A new conveyor system from each godown to the barge loading point could welcome you for loading of bagged cargo directly in to barges. New transit sheds and godowns shall be constructed either by demolishing the old ones or erecting new ones altogether. Mr Adinarayana, Port Officer, Kakinada Anchorage Port told MG, “Adequate infrastructure is available at Kakinada keeping in view the quantities of current export commodities. But more jetties for loading of barges need to be constructed.”

At present, the Government of Andhra Pradesh owns 30 transit sheds in the port area. Private godowns are available within 10km reach from the port.

What could ease congestion further is the dredging of a new commercial canal where the barges can ply from or to the loading point. This will help barges ply more frequently to offload cargo to the ships. Currently, even if about 50 barges are available for loading, fewer than 20 barge loading points are functional allowing the port to handle only about 500 tonnes a day.

Main Commodities exported from Kakinada (April 2012- March 2013)

Non Basmati Rice	28 MT
Maize	10.4MT
Sorghum (in bags)	71 MT
Cement (in bags)	17 MT

Countries exported to

South Africa, Nigeria, Cameroon, Kenya, Benin, Bangladesh

Kakinada Anchorage Port Infrastructure

- Land: **1959.69 acres**
- Wharf: **922 m length**
- Open Stocking Area: **1,00,000 tonnes**
- Transit sheds for storage of Cargo: **50,000 MT (Govt) 3,00,000 MT (Private)**

Quicker transit time ahead!

Value in Rs Lacs / Qty in MT

	2010-11		2011-12		2012-13	
Product	Qty	Value	Qty	Value	Qty	Value
Non Basmati Rice	10000	1714.58	1901066.48	393639.54	2804962.31	556913.14

Value in Rs Lacs / Qty in MT

	2010-11		2011-12		2012-13	
Product	Qty	Value	Qty	Value	Qty	Value
Basmati Rice	822181.84	403833.44	737450.41	376964.46	784845.84	456955.01
Non Basmati Rice	751	372.89	465963.24	99297.01	951762.67	204543.72

“Upon taking views of the tradesmen, shippers C&F agents and the entire shipping fraternity, we will also look at installing self-propelled barges,” the port officer said.

Perhaps the only constraint that prevents this port from improving its efficiency metrics is inadequate funds. While the major ports get funding assistance from the Central government, the state government has done little to help the port get over its dubious distinction of being the poorest port in the state. The port’s usage charges are undoubtedly the lowest among the ports in the country but this upside is nihil ad rem when compared to the favours showered by private ports on their customers.

The All India Rice Exporters Association (AIREA) whose members use the facilities of this port says, “Lack of berths is a constant problem for rice exporters leading to massive time delays. Equally, there are no exclusive berths for agricultural products. We are working along with APEDA (ministry of commerce) to push for exclusive agri-berths at ports.”

The turnaround time for vessels at the port is about 18 to 20 days. 30,000 MT of rice stuffed into bags have to be loaded. To avoid problems of spillage and pilferage, many exporters have

been supporting containerisation. “Containerisation is good for the industry except (that) port infrastructure and handling needs to be spruced up equally. Exporters now increasingly depend on container handling agents who have their own monopoly, adding to exporting costs,” a member of AIREA said.

This is leading to shipping lines calling at other ports to offload their cargo quickly. “I agree there is scope for improvement and using technical equipment efficiency of this port is essential.” However, the port cannot evade the catch-22 situation as its move towards mechanization will jeopardize the lives of the workers who eke their living from offloading cargo at the port.

Kakinada Port is mainly used to cater to the rich agricultural belt along Andhra’s east coast. East and West Godavari, Krishna and Prakasam districts are the most fertile in the region.

Kakinada Port comprises of Kakinada Anchorage Port, Kakinada Deep Water Port and Kakinada Fishing Harbour. The Deep Water Port was privatised and commissioned in the year 1997 and began operations three years later. The anchorage port is owned and run by the state government and has a 100 year history. [mg](#)



IMW Industry Forums provide stakeholders the opportunity to contribute and shape the maritime agenda of our nation. Members of all maritime trade organizations and policy experts meet in a series of interactive debates designed to culminate in a final report containing decisive research, data, and analysis on an important topic facing the maritime industry today! Participants benefit from exchanging opinions and experiences with their peers from different sectors in the industry.

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January 30-31, 2014

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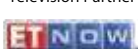
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Dates for your diary

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

India Shipping Summit 2013

October 22-23

Venue: Mumbai

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

More information:

<http://www.indiashippingsummit.com>

India Infrastructure Summit 2013

September 23

Venue: Federation House, New Delhi

Organised by: FICCI

India Infrastructure Summit is the largest platform for policy debate relating to infrastructure sector in India. It brings together Central and State Government officials, policymakers, regulators, leading infrastructure developers, contractors, investors & financial institutions and other stakeholders in a dialogue designed to address key challenges and issues facing infrastructure sector.

CSCMP Annual Global Conference

October 20-23

Venue: Colorado Convention Center, Denver

The Annual Global Conference is supply chain's premier educational and networking event. Track topics include procurement, future trends, and technology. You need to know more to stay current on complex global supply chain issues. And, the more collaborative relationships you cultivate, the better shot you have at remaining competitive.

More information:

<http://www.cscmpconference.org>

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India Maritime Week 2014 is the second edition of the largest maritime conference and exhibition in the country. Scheduled to be held in January 2014 in New Delhi, the theme for IMW 2014 is "Big Prospects, Big Challenges - India Marching Ahead". The event is supported by the Ministry of Shipping, Government of India.

More information: www.indiamaritimeweek.com

INMEX INDIA

October 08-10, 2013

Venue: Bombay Exhibition Centre, Mumbai

Attend for: Marking its 8th edition, INMEX India 2013 continues to remain strongly supported by several key associations and trade bodies. This year's edition will host more than 600 exhibitors from 40 countries and is expected to be attended by over 8,000 visitors that include shipping company owners, shipbuilders, port authorities, marine offshore technology, marine equipment, Indian Navy, Coastguards, Government officials, international trade representatives and many other high profile solution providers and decision makers under one roof!

Containers India 2014

April 24-25

Venue: Mumbai

Some of the world's most admired speakers examine:

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

More information:

vinod@gatewaymedia.in

GreenPort Congress

October 09-11

Venue: Antwerp, Belgium

Governments and legislators around the world view ports and terminals as critical infrastructure assets. Their ability to 'go green' by reducing their carbon footprint and by being more sensitive to environmental considerations is vital to their future success. The GreenPort Congress will provide decision makers with a meeting place to both learn about and discuss the latest in sustainable environmental practice that will enable them to effectively implement these changes.

More information:

www.greenport.com/congress

Maritime Gateway Awards, April 24, 2014 Mumbai



The recession is buffeting the world of shipping—with even rougher waters ahead. But despite all the downside risks and positive factors, maritime business will always be cyclical. So how do we weather the storm?

India Maritime Week returns to the Capital bringing the industry leaders together to discuss the changing dynamics of India's seaborne trade development.

The five-day conference agenda will deliver a hard-hitting programme of conference sessions designed to promote trade development, discuss port efficiency, with a number of exciting new panel discussions covering dry bulk, project cargo, container movement, hinterland growth, manufacturing zones, rail-road connectivity, coastal shipping, inland water transportation, ship building as well as the scenario of exim trade.

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