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DECEMBER 2010

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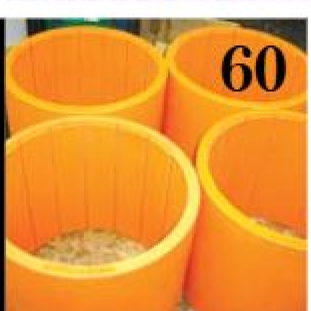

PUBLISHER'S DESK

Facing Nature

As we race towards yet another New Year, we realise that time literally flew by, with a lot of activity generated for the industry in the year that was. The four successful Gateway Knowledge Forums, the last two within a gap of a fortnight that are reported in the inside pages, provided immense knowledge on various maritime issues by bringing together and forging a rapport with the industry and the government. All this shall pave way to work more for the cause of the maritime sector in the year(s) to come.

With Vibrant Gujarat Global Investors' Summit round the corner, we understand that two of the five port-related MoUs signed at the last summit have either been scrapped or could be cancelled owing to lack of conformation to environment norms. And facing the threat is Adani Group's ₹ 15,000-crore ports project, the supposedly biggest MoU in the ports sector.

A similar situation prevails in Orissa too with the DRDO objecting to port projects at Inchudi, Chandipur and Bahabalpur in Balasore district and at Chudamani in Bhadrak district. The MoEF too is against a proposed project at Barunei Muhan in Kendrapara district as it is concerned about the effect of environment imbalance, which already is showing on marine life there. Port development has come under the scanner what with nature manifesting and threatening to unleash in unusual forms the world over. Port managers and stakeholders, along government agencies, could perhaps identify bottlenecks and team up to tackle challenges.

Meanwhile, workers at Port Blair have been protesting the formation of a port trust fearing loss of their jobs despite assurance from the shipping ministry. It is learnt that the workers are unwilling to work in a trust structure and a team from the ministry will soon be going to the island to face human nature! The ministry will give the workers an option to continue as employees of the Port Blair Port Trust or opt to be posted in a public sector unit.

Yet, human faces are what matter for any team operation, especially in an industry like maritime. This last issue of the year is replete with human faces – of grit and cheer – that have been contributing to the phases of development of ports, shipping and other transportation sectors. We hope to involve more and more people from the maritime fraternity in our future issues and events and welcome participation of all you readers in our sincere endeavours for the industry.

We wish all our readers, advisers, advertisers and well-wishers a great year ahead!

May new hopes and aspirations bring success to us all.

Best Regards,

Ramprasad
Publications Director

volume 3 issue 3

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ports • shipping • logistics

Publications Director Ramprasad
rampresad@gatewaymedia.in

Associate Editor Radhika Rani G
radhika@gatewaymedia.in

Sr. Assistant Editor Jagadeesh Napa
jagadeesh@gatewaymedia.in

Copy Editor Srinivas Reddy G

Head - Design Jayaraj Frederick

Sr Designers Vijay Masa, Lakshmi Dandamudi

Designers Srinivas P, Nagaraju N S

Web Upender Reddy V

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

Marketing & Sales

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

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

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

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

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

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Editor: L Vijayanand Reddy

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Phone : +91 (40) 2330 0061 / 2330 0626
e-mail : subscribe@gatewaymedia.in
write to : Gateway Media Pvt. Ltd., # 407, Fifth Floor, Pavani Plaza, Khairatabad, Hyderabad – 500 004, INDIA
Phone: +91(40) 2330 0061, 2330 0626
Fax : + 91(40) 2330 0665
www.maritimegateway.com
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Road connectivity project

Chennai, Ennore offer financial support

Chennai and Ennore ports hand over cheques for ₹ 24 crore as their contribution for the road connectivity project.

As part of the initiative to expedite the Chennai Ennore Port Road Connectivity Project (formerly Ennore-Manali Road Improvement Project) and relieve the congestion on the city roads connecting the two ports to the hinterland, Chennai Port recently released an amount of ₹ 19 crore and Ennore Port ₹ 5 crore to the NHAI in the presence of the Union Minister of Shipping G K Vasan.

The two ports, the minister said, will release further contributions in due course to fast-track the project. With the award of contract to be made shortly, the project, being closely monitored by the Ministry of Shipping, is expected to be completed during FY 2012-13.

Chennai Port has so far released ₹ 48 crore as part of its contribution to the SPV while Ennore Port gave ₹ 8.75 crore. The ongoing project was conceived to improve the connectivity of the port through the northern corridor to NH5 and includes upgradation of the port road (1.6 km), Ennore Expressway (6 km), Tiruvottiyur-Ponneri-Panchetti Road (9 km), Manali Oil Refinery Road (5.4 km) and northern segment of the Inner Ring Road (8.1 km). As on date, shore protection works along Ennore coast have been completed and 1,824 families living along the Ennore Expressway have been rehabilitated to the newly constructed housing units near Ernavur Bridge.

The project implementation through the Special Purpose Vehicle (SPV) comprising NHAI, ChPT, EPL and GoTN, is being expedited, says the port trust. After processing the technical tenders received on November 25 for the four-laning of the component roads, financial bids were opened. The award of contract for the road works will be made shortly.

Union Minister of Shipping G K Vasan receives the cheque replica from Chairman of Chennai Port Trust Atulya Misra (second left) and Chairman of Ennore Port Trust S Velumani (second right).

The first phase of Vizhinjam would cost ₹ 2,500 crore out of which ₹ 1,000 crore would be spent by the port operator for making the super structure.

Big catch

RFQs invited for Vizhinjam Port

Vizhinjam International Seaport Ltd, the state-owned port in Kerala, has invited request for qualification (RFQ) bids from 31 companies that had earlier submitted expressions of interest (EoIs) for operating the proposed port. The companies will be shortlisted in mid-January. The domestic shipping companies that evinced interest include Shipping Corporation and Essar Shipping, besides port companies like Mundra Port, APM Terminal and Port of Barcelona. The port is expected to start operations by the end of 2014.

Companies operating ports in Amsterdam, Macau, Marseille and Lisbon too see a great investment opportunity as international shipping routes like Europe, Persian Gulf and Far East are within 10 nautical miles of the port.

Bidding for the port had been cancelled twice earlier. In the first instance, a Chinese consortium was not allowed due to security reasons despite being selected. In the second case, Lanco won the bid but fresh ones were called after one of the parties contested it.

The International Finance Corporation is the lead transaction advisor to VISL for the current bidding round. According to VISL MD and CEO Sanjeev Kaushik, steps have been taken to make the selection process objective.

Kochi calling

Officials inspect ICTT, LNG projects

Union Cabinet Secretary K M Chandrasekhar visited the project sites of the International Container Transshipment Terminal (ICTT) at Vallarpadam and the LNG Terminal at Puthuvypeen recently. He inspected the facilities from the waterfront and subsequently drove to the project sites to evaluate the progress of the mega national projects. Chairman of Cochin Port Trust N Ramachandran accompanied the Cabinet Secretary during the visit and briefed him on the development and modernisation projects taken up by the Port Trust.

The chairman said construction of the terminal structures and the rail connectivity project are nearly complete. Two lanes of the four-lane road connectivity between Kalamassery and Vallarpadam are nearing completion. The dredging work for deepening of the channels and the berth front areas are in progress.

Specialised dredgers are at work to deepen the berth frontage basin area to 16 metres depth. Although the capital dredging of the channel has already been completed, the basin dredging could start only in May 2010, after completion of the work by DPW. The basin dredging did suffer some delays due to hard material in the basin area and unusually heavy and prolonged monsoon this year. It is expected that this work will be completed in two months. Due to the uncertainties involved in capital dredging to 16-metre depth, the port will announce a firm date for commissioning of the project only after a few more weeks.

The Cabinet Secretary expressed satisfaction over the progress of work at the ICTT and LNG project.

LNG terminal capacity to be doubled: Meanwhile, Union Petroleum Secretary S Sundareshan, who also visited the LNG terminal, said the board of directors of Petronet LNG has taken a decision to double the capacity of the terminal.

"In principle, we have decided to give the go-ahead to expand the capacity of the LNG terminal at Cochin from 2.5 million tonnes to 5 million tonnes and the final proposal will be considered for approval at the next board meeting," Sundareshan said. He also informed about the new investments that will be made in the State.

"Over Rs 10,000 crore is going to be invested in Kerala – about Rs 3,700 crore on the LNG terminal in Cochin, Rs 5,000 crore by the Gas Authority of India Limited (GAIL) on the pipeline network that is coming in the State."

He further said the Iran-Pakistan pipeline project is being discussed and companies like GAIL and Indian Oil Corporation are in talks with the Government.

Ports

Iron ore throughput

Paradip sets record in manual loading

Paradip Port has created a record by loading 43,100 tonnes of iron ore within a period of 24 hours by manual handling onto a vessel for export.

The loading to the China-bound vessel *MV Nikolas* was done by ACE Commercial Co Pvt Ltd recently. The previous record was 34,100 tonnes of iron ore, loaded to a vessel in the port Dec 22, 2009. In 2009-2010, 16.137 million tonnes of ore was exported from the port, mainly to China.

Orissa wealth

No to port projects

Orissa's Commerce and Transport Minister Sanjeev Kumar Sahoo has recently announced that objection has been raised by the Ministry of Forest (MoEF) and the Defence Research and Development Organisation (DRDO) on four proposed ports among the 14 planned to be set up in the state.

The DRDO had been opposing port projects at Inchudi, Chandipur and Bahabalpur in Balasore and recently raised objection on the proposed port at Chudamani in Bhadrak after the state inked an MoU with the Aditya Birla group for a captive port, the minister said.

Also, the MoEF has objected to setting up of a port at Barunai Muhan in Kendrapara district. Answering a query in the Assembly, he said the port site in Kendrapara near Gahirmatha beach is the nesting ground of Olive Ridley Turtles. The state government could therefore change the project site, he added.

Debt management

JSW Infra sells 10 pc stake

JSW Infrastructure has announced that Eton Park Capital Management, a European private equity firm, has invested US$ 125 million in JSW Infra, acquiring 10 per cent stake in the company. JSW Infra, which is an unlisted subsidiary of Sajjan Jindal-led JSW Group, said the funds will be utilised to partly repay its debts and partly for expansion.

JSW Infra currently has a debt of about ₹ 500 crore, of which it expects to retire about ₹ 200 crore through this investment. Moreover, the company has also chalked out a capex of ₹ 6,000 crore to be spent over a period of 10 years, of which it will spend ₹ 1,200 crore in the next year, said Capt BVJK Sharma, Jt MD and CEO from JSWIL.

He further said, "This investment with Eton will help us in achieving the vision of reaching 180 million tonnes of cargo handling capacity by 2020." JM Financial was the exclusive financial advisor on the transaction. Eton Park is a global, multi-disciplinary investment organisation and currently manages approximately US$ 13 billion with offices in New York, London and Hong Kong. JSW Ports operates ports in Maharashtra and Goa and is also in the process of setting up a shipyard and ship repair facility at Dhabol (Maharashtra).

Coal venture

Vizag Port to increase capacity

Coal India Ltd is reportedly planning a partnership with the Visakhapatnam Port to increase coal import capacity in view of the growing power generation demand. The tie-up will allocate 5 million metric tonnes of port capacity for coal imports and a 20 million-tonne coal berth at a later stage. Coal India has been awaiting environmental approval for new mining projects. It is also keen to bring in additional supplies from overseas as more than half of India's power generation capacity is coal-fired.

The firm will import 6 million tonnes of coal this financial year. It is also in talks with NTPC Ltd, the largest power generating firm and plans to secure cargo capacity with the Shipping Corporation of India.

New quay: Meanwhile, the Cabinet Committee on Infrastructure (CCI) has approved the development of a new quay at the Visakhapatnam Port at an estimated cost of ₹ 323.18 crore.

The Quay 1 (EQ1) berth will be developed by replacing the existing berth and part of EQ2 berth for handling steam coal in the inner harbour, an official release said. The construction of the 280-metre new berth will allow the port to handle 14-metre draft vessels with a capacity of 6.41 million tonnes of steam coal. The berth will also be installed with mechanical unloading facilities for steam coal.

According to the cabinet panel, the development of the berth, based on the DBFOT basis, will be completed in 24 months.

PPP in shipping

New coastal policy on the anvil

The Union Government is working out modalities for implementing a coastal shipping policy for the benefit of maritime industry.

The government is working on a new coastal shipping policy to promote the domestic industry, Shipping Minister G K Vasan said at a logistics conference in New Delhi recently.

"We are receiving suggestions from Indian National Shipowners Association (INSA) and we are getting suggestions from other stakeholders also. The coastal shipping policy would be to encourage the Indian shipping fraternity," the minister told reporters at the CII logistics summit. "We are trying to bring more public-private participation in the shipping industry," he added.

The proposed policy will address issues like special berths at major ports for coastal vessels, reduced port charges, tax incentives, reduced duties on vessel spare parts, manpower training, monetary incentives for crew and setting up of a coastal development fund. It will be an action plan with a time-frame and will be implemented in a phased manner by the Directorate General of Shipping, ministry of shipping and other ministries.

Shreyas Shipping & Logistics Ltd forays into coastal bulk shipping operations with the deployment of Indian flag coastal bulk vessel **M V Unity**.

The vessel is a single-decker, self-geared bulk ship for hauling heavy cargo.

The coastal route is on **1/3rd** of operational cost of railways and **1/10th** of road transport.

Network expansion

ClassNK opens office in Kolkata

ClassNK officially announced the opening of a new exclusive surveyor office in Kolkata recently. The new office is the seventh new office to be opened by the Society in 2010, and the sixth by ClassNK in India after Chennai, Dahej, Kochi, Mumbai and Visakhapatnam and its 116th around the globe.

The new office will serve the Port of Kolkata and nearby ports in the northeastern part of the country, said ClassNK Chairman & President Noboru Ueda. "Over the next year we will be expanding our service network to better support the growth of the local maritime industry, and provide even better service to our clients," he added.

The expansion of ClassNK's service network parallels the growth of the Society's register, which has grown by more than 9 million tonnes since the start of the year to reach more than 178 million tonnes.

Essar Demerger Scheme

Essar Shipping, Ports and Logistics said its shareholders and creditors have given nod for demerger of the company's shipping, logistics and oilfields business into a separate company.

Equity shareholders, secured creditors and unsecured creditors unanimously approved the scheme of arrangement between Essar Shipping Ports and Logistics Ltd, Essar Ports & Terminals Ltd, Essar International Ltd, Essar Shipping Ltd and their respective shareholders and creditors.

New vessel

Greatship takes delivery of ROVSV

Greatship (India) Limited (GIL), a subsidiary of The Great Eastern Shipping Company Limited, has taken delivery of *Greatship Rohini*, a Platform/ROV Support Vessel, from Colombo Dockyard Plc, Sri Lanka.

Greatship Rohini is a Class-II DP vessel and has been built complying with the new SPS Code 2008 and Environmental Protection & Crew Comfort notations of Lloyd's Register of Shipping, capable of supporting offshore exploration and production.

With the delivery of *Greatship Rohini*, GIL and its subsidiaries currently own and / or operate four PSVs, seven AHTSVs, three MPSSVs, two ROVSVs and two jackup rigs. GIL and its subsidiaries also have an order book of seven vessels – two MSVs in India, three ROVSVs in Sri Lanka and two 150 TBP AHTSVs in Singapore.

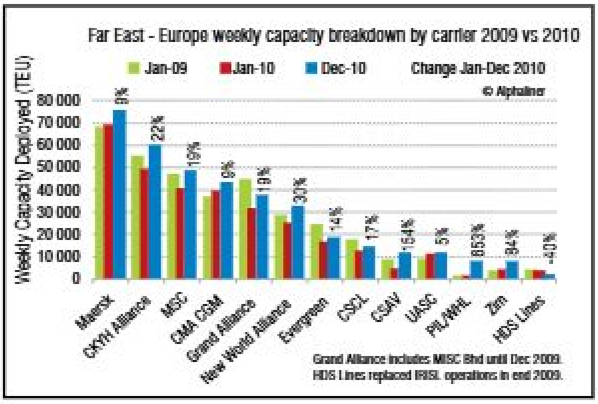
Capacity in place

Far East-Europe rates sink

The capacity deployed on the Far East-Europe route has increased by 20 per cent since the beginning of the year, based on Alphaliner records, with the weekly supply climbing from 311,000 TEU in January to 375,000 TEU in December. Current capacity is only marginally down from its peak of 378,000 TEU in August.

Although volumes transported have diminished with the winter season, there is no significant slack season capacity adjustment this year. The carriers appear to be going back to their pre-crisis mode to grab market share even as freight rates have dropped precipitously since August.

Although the Far East-Europe trade remains profitable despite spot rates falling by 30 per cent since July, carriers are now increasingly worried about the prospects for next year despite the announcement of rate increases of between US$ 200-300/ TEU for January by some of these carriers. There is still room for rates to fall further in the next few weeks, as rates of below US$ 1,200/ TEU are now being offered in the market compared to the SCFI's latest reported spot rate of US$ 1,337/ TEU from Shanghai to North Europe.



Carriers appear to have abandoned their earlier commitments to withdraw capacity to sustain freight rates. The two services withdrawn for the winter period will be reinstated, with Maersk's AE-9 to resume in December after a brief 4-week gap while the Grand Alliance's Loop D will resume its weekly frequency in January, after having sailed at fortnightly intervals since October.

Safety equipment

Viking UK adds new marine fire service division

Leading global marine and fire safety equipment manufacturer Viking Life-Saving Equipment has announced the expansion of its global fire servicing network with a new marine fire service division in the United Kingdom.

The new division will offer certified servicing of marine fire equipment for offshore fixed rigs and marine ships, including fixed-price VIKING Shipowner Agreements especially tailored for marine fire servicing.

Viking UK's managing director Mark Harriman sees the addition of the new fire division as further strengthening the company's commitment to customer service.

India & Malaysia have signed an **MoU** to promote technical assistance services in the field of highway management and development in India.

Going Green

Cargotec launches hydraulic hybrid terminal tractor

Cargotec launched a hydraulic hybrid drive terminal tractor offering customers improved performance, significant savings in fuel costs and even greater reductions in nitrous oxide and particulate matter emissions. Paired with the Kalmar Ottawa 4x2 off-highway terminal tractor, the hydraulic hybrid system will initially be available to customers operating in North America.

The new machine is the result of Cargotec's partnership with Singapore Technologies Kinetics Ltd (ST Kinetics) and its subsidiary Kinetics Drive Solutions Inc, a leader in the research and development of hybrid technology. The Kalmar hydraulic hybrid drive terminal tractor is equipped with a parallel system that simultaneously transmits power from two distinct sources – the primary diesel engine and the secondary hydraulic motor. The coordination of these power sources maximises fuel economy and satisfies performance constraints.

New engine regulations:
Starting 1 January 2011, Cargotec is prepared to fit its Kalmar products with the latest engines using Selective Catalytic Reduction (SCR) or Exhaust Gas Recirculation (EGR) technology to deliver near-zero NOx and harmful particulate emissions. This change complies with the EU Stage IIIB and US EPA Tier 4i emission regulations which govern all off-road equipment powered by engines of 130 kW and above.

Integrated Logistics

TCI, CONCOR JV to form ILSPL

ILSPL hopes to be the preferred logistics partner for corporates seeking sustainable multimodal solutions.

Transport Corporation of India (TCI), India's leading integrated supply chain and logistics solutions provider and Container Corporation of India Limited (CONCOR), a leading Container Logistics Company of India, announced commencement of operations of their joint venture Infinite Logistics Solutions Pvt Ltd (ILSPL). TCI will hold 51 per cent of the equity shares, which it had recently acquired and CONCOR will have the remaining 49 per cent stake in the new firm.

ILSPL will offer end-to-end multimodal logistics solutions and establish an integrated rail-road cargo service thereby creating synergies between the two most widely used modes of transportation. The JV will offer comprehensive solutions for its customers by offering seamless services using the rail infrastructure of CONCOR and the road infrastructure of TCI. It will also run operations on dedicated routes and based on specific needs of customers, can offer customised solutions.

Vineet Agarwal, Executive Director, TCI said, "ILSPL will use the core competencies of the JV partners to offer multimodal cargo transportation. TCI will ensure the first and last mile delivery of the cargo."

The JV, according to Anil Gupta, Managing Director, CONCOR, will help in their mission to provide efficient multi-modal logistics support for the country's trade and commerce. The company hopes to have a pan-India presence, huge asset and strong infrastructure base.

Project logistics

Boxco bags CGPL contract

Boxco, one of India's leading freight forwarders, has been awarded a prestigious contract from Coastal Gujarat Power Ltd (CGPL), a SPV created by Tata Power Ltd for setting up an ultra mega power project near Mundra, Gujarat. This project has 5 units of 800 MW each generating a total of 4,000 MV, using supercritical technology.

The project will constitute 5 shipments from November 2010 to July 2011, a total of 17,000 freight tonnes and with heavy lift packages weighing upto 397 MT in weight. Boxco'S responsibility includes ocean carriage Ex-Yokohama to Mundra, Customs Clearance at Mundra and Delivery to the CGPL site close to Tunda village in coastal Gujarat.

Boxco has a network of 19 offices, 65 overseas agents and representatives in China, Dubai, and the UK.

NEWS

Exim

Sugar import duty at 60 pc

The government is likely to retain an import duty of 60 per cent on import of sugar from January 1, 2011 as the output is good and there arises no apparent need for imports. The duty was slashed to zero in July 2009 till December 31, 2010 to facilitate import of sugar following shortage in supply. As per officials projections, sugar output this year is at 24.5 million tonnes (MT) while the industry reportedly is sticking to its outlook of 25.5 MT against a local consumption demand of 23 MT.

High expectations

FIEO predicts exports to touch US$ 220 bn

India's foreign trade is all set to increase as the export profile gets diverse and widespread

Hailing the export figure for November, 2010, A Sakthivel, President, Federation of Indian Export Organisations (FIEO) predicts the export target to touch or exceed US$ 210 billion. The FIEO chief is optimistic that Indian export may reach a new milestone of US$ 220 billion this fiscal increasing India's share in the world trade.

Indian exports are undergoing a sea change and new emerging sectors like engineering, petroleum, pharmaceuticals and chemicals are now dominating the export segment. "In this scenario, we should explore the possibilities of increasing of our high-technology exports so as to achieve a quantum jump in India's exports as this segment contributes to over 60 per cent of world trade," he opines.

Trade gap widens but manageable: Despite the rise in the trade deficit, the situation will stay within manageable limits. Commenting on the latest trade data, the FIEO chief says that while export growth -21.3 per cent outpaced import growth 6.8 per cent during April-October 2010, in absolute terms the trade deficit continues.

The momentum given to exports in the last few months needs a further push in view of the fragile market condition in the second half of the financial year. "The growth in export is primarily due to the overall improvement in the export scenario across products, barring a few. Much of it is coming due to the diversification of export markets pushed through in the last one and a half years."

First and best

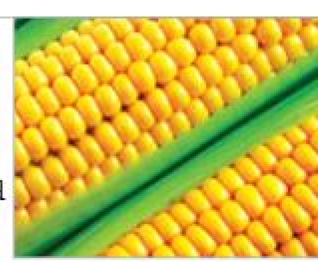
India sourcing fair in Singapore

High Commissioner of India to Singapore T C A Raghavan inaugurated the first-ever India Sourcing Fair in Singapore recently. He said Singapore is an important regional hub and participation in such exhibitions will expand market for Indian goods not only in Singapore but also in other ASEAN countries. Dr K N Raghavan, First Secretary Commerce; Merl A Hinrichs, Chairman, Global Sources; and G P Upadhyaya, IAS, Secretary General, FIEO were present. Singapore's trade with India was US$ 14 billion in 2009-10 with exports contributing to US$ 7.5 billion.

Weather-based crop insurance

ICICI Lombard to cover 8 states

ICICI Lombard General Insurance Company Ltd, the country's largest private sector general insurance firm, has been given the mandate to provide weather-based crop insurance for Rabi season (2010-11) in Madhya Pradesh, Bihar, Tamil Nadu, Karnataka, West Bengal, Chhattisgarh, Jharkhand and Himachal Pradesh. It would cover 39 districts – 30 loanee districts and exclusive 9 non-loanee districts.



The major crops that ICICI Lombard would cover for Rabi season (2010-11) are winter paddy, cotton, wheat, mustard, barley, maize, onion, potato, tomato, lentil, peas, arhar, jowar, fenugreek, coriander, cumin, methi, isabgol, brinjal etc.

Weather-based crop insurance provides cover against weather-related risks faced by crops such as excess or deficit rainfall, variations in temperature and fluctuations in humidity. This scheme facilitates immediate compensation based on certified data collected from independent third party bodies such as Indian Metrological Department (IMD) and National Collateral Management Services Ltd. (NCMSL). This transparent and objective method of claim settlement removes the need for carrying out field surveys.

Exim

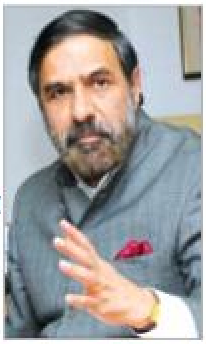
India is world's **fourth** largest producer of natural rubber, imports mainly from **Thailand, Malaysia & Indonesia**

Norm relaxed

Nod for export of unshipped cotton

Union Commerce and Industry Minister Anand Sharma said the government will allow export of 2.5 million bales of unshipped cotton out of the 5.5 million bales that were permitted till December 15.

Quoted



We have reviewed market arrivals and availability of cotton. Almost 2.5 million bales have not been shipped so far, we will allow export of that.

Anand Sharma
Union Commerce and Industry Minister

The government will also take a decision on whether to raise the export limit for cotton above 5.5 million bales for 2010-11 in mid-January. The minister said the government had capped export of cotton at 5.5 million bales this year to prevent a sharp rise in domestic prices.

Export contracts of 5.24 million bales were registered with the Textile Commissioner and they were valid only till December 15. But exporters could not ship out the entire load cotton by then. They have been asking the government to revalidate the contracts, giving them more time to ship out the balance quantum. The minister said the government would allow exporters to ship out the balance, but did not clarify whether the existing registrations would be revalidated or traders would have to apply afresh.

Cheaper price

Rubber duty cut

The Union Government has cut import duty on natural rubber to 7.5 per cent for shipments up to 40,000 tonnes until 31 March, but fresh imports deals are unlikely as rubber remains cheaper in the local market. The duty will be reinstated at whichever is the lower of 20 per cent or Rs 20 per kg after that date, a statement from the government said.

India has imported 143,468 tonnes in April-November, up just 3 per cent on a year ago despite booming demand from the auto industry.

Tyre makers had been demanding the cut in natural rubber duty for over a year as they were struggling to pass on the rise in the raw material cost to end-users. But despite trading at a record high rubber is cheaper in the local market now and the import cut is unlikely to prompt fresh imports deals. -Reuters

Increasing demand

Handicrafts export target up

The government has revised the handicrafts export target upwards to $2.5 billion from $2.2 billion for the current fiscal on account of increasing demand from western markets like the US and Europe.

The handicrafts export performance was excellent in the first two quarters as exporters surpassed the target of $990 million and touched the figure of $1.02 billion. The target has now been revised upwards to $2.5 billion from $2.2 billion for 2010-11, Textiles Minister Dayanidhi Maran said. Besides increasing demand from western markets like the US and Europe, exporters are getting good number of orders from new markets like Argentina, Latin America and the Middle East. According to official data, exports went up during April-November 2010-11 by 25 per cent to $1.13 billion from $912 billion. The US and EU together account for 70 per cent of the handicraft exports. Moradabad, Jaipur, Saharanpur and Jodhpur are major handicraft hubs in the country catering to the global markets.

Union Minister for Textiles Dayanidhi Maran presenting the 17th Handicrafts Export Award to Neeta Sharma for women entrepreneur (Central Region) in New Delhi recently.

Updates

by
Martime Gateway Kolkata Bureau

DFC: Railways Starts Work at Dankuni

The commencement of work for the Eastern Dedicated Freight Corridor is expected to herald a new era of industrial development in the region.

The Minister of Railways Mamata Banerjee has commenced the work for Eastern Dedicated Freight Corridor at Dankuni on November 16, 2010. Under the first phase of this mega project, work for laying 25.41 km of new dedicated line from Dankuni to Chandanpur, has begun. The Minister of Railways proposed in her Budget speech 2010-11 that the work for construction of Freight Corridor from Dankuni would be started this financial year. Accordingly, a sum of ₹ 190.46 crore has been sanctioned in the supplementary grant of Railway Budget 2010-11. The Eastern Corridor, which connects Dankuni and Ludhiana, covers a distance of about 1,806 km.

₹ 8,000 crore

to be invested by Steel Authority of India Ltd (SAIL) on the eastern freight corridor.

The project is planned to cater to the freight traffic on this route. The proposed freight corridor is being designed for a maximum speed of 100 kmph for train operation. It extends from Dankuni to Ludhiana and Khurja to Dadri. It will pass via Asansol, Dhanbad, Sonnagar, Khurja and Saharanpur. It will be electrified single line on the Ludhiana-Khurja portion and electrified double line on the remaining portion.

Speaking to *Maritime Gateway*, the minister remarked, "The eastern corridor is well expected to lead to the industrial development of the catchment areas being served by the eastern corridor." Explaining the importance of this rail corridor to the region, she said, "The corridor is likely to lead to development of multimodal logistics parks those on the model of Shalimar automobile logistics park near Kolkata." Senior members of Bengal Chambers of Commerce were present during the occasion.

Quoted

I see the SAIL proposal for the DFC as a major development as it can take care of a major part of the finances required for the Sonnagar-Dankuni stretch.

Mamata Banerjee
Union Railway Minister

According to Vivek Sahay Chairman Railway Board, who was also present at the occasion, Indian Railways is one of the largest railway systems in the world. "Over the last 50 years there has been an enormous growth of the transport sector. The volume of freight traffic in Railways has increased five folds," Sahay said. "The freight which was 73 MT in 1950-51, had increased to 474 MT in 2000-

Photo: Wikimedia

01 – an increase of 401 MT in 50 years. Now this figure has increased to 890 MT – an increase of 416 MT in just nine years. To meet this huge demand, the Ministry of Railways has planned to construct Dedicated Freight Corridors on the western and eastern arms of the country, covering about 2,762 km."

The Eastern Dedicated Freight Corridor is one of the most ambitious projects that Indian Railways has ever taken up and once completed would meet the transport requirements of the two busy trunk routes for the next 15-20 years and would also help segregation of passenger and freight traffic on these routes. MG

WB Loan for Eastern DFC

The **1,131 km** Ludhiana-Khurja section in the eastern dedicated freight corridor project is likely to get a **₹ 10,800 crore** loan from the World Bank in three phases by 2013.

According to a railway ministry document, "Khurja-Ludhiana section (1,131 km) funding estimated at US$ 2.4 billion is in advanced stage of negotiation with the World Bank. Adaptable Programme Loan (APL) scheme has been suggested by the World Bank for the three phases."

APL supports phased long-term development with a predefined agreement on policies relevant to the phase being developed. An important aspect of the APL is that subsequent disbursement depends on achievement of defined milestones.

For the first phase Khurja-Kanpur line, the loan will be sanctioned in the current year. In 2011-12, the second phase, Ludhiana-Khurja will get the funding. The Kanpur-Mughalsarai (phase III) will get the WB resources in financial year 2013.

Beginning from Ludhiana in Punjab, the eastern freight corridor spans 1,839 km till Dankuni in West Bengal.

The railway ministry, meanwhile, wants to advance the sanctioning of the loan amount by a year. A ministry document on the matter said, "World Bank has been requested to review the suggested timelines for APL I and II and to coincide with them for finalisation in the financial year 2011 and for the third phase to be considered in 2012."

The remaining portion of the segment will be taken up on public-private partnership (PPP) as well as the railways internal resources.

The Railways has already initiated work on the Mughalsarai-Sonnagar section (109 km) with civil construction contract already awarded. The remaining 500 km between Sonnagar and Dankuni will be developed on PPP basis.

The Steel Authority of India has evinced interest to invest ₹ 8,000 crore in the section. A committee, having representatives of both railways and SAIL, has been formed to look into the funding pattern.

Freight trains will ply at speed of 100 km per hour on the dedicated corridors compared with an average speed of 30 km per hour now. For the timely completion of the project, however, the government will have to expedite the land acquisition process. Till date, only 2,509 hectares of the required 11,000 hectares of land has been acquired by the Dedicated Freight Corridor Corporation of India Ltd. -DNA

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Road to Chennai Port No End in Sight

A Maritime Gateway Update

North Chennai is in for a continuing nightmare for nearly two weeks as all the roads leading to Chennai Port are chock-a-block with container trailers. While Gates 2 and 2A have been re-opened after they were closed following an accident that claimed three lives, it would take a long time for the pile-up to clear and the area to breathe free. According to officials, Gate 10 that remains closed due to security reasons is also being opened at night for easing the flow of vehicles.

4,500 trucks are forced to exit or enter through 3 gates of Chennai Port everyday.

Chennai Container Terminal is credited for developing a world-class facility in the port, however problems relating to vehicular movement have been taking a toll on exim trade entailing a huge monetary loss. CCT CEO Ennarasu Karunesan hopes that such a messy situation will not recur. "Senior-level discussions are on and proactive measures will hopefully solve the problem," he says.

The vehicular jam has affected civilians, especially office-goers, factory workers, school children and traders. While the lack of proper road infrastructure is being blamed for the sorry state of things, transporters say lack of a proper mechanism, especially enough gates to ferry goods, has led to the spillover of vehicles in all directions. It may be noted that the port mainly operates from Gate 'O' but owing to patchy roads that cause poor maneuverability, it takes between 12 and 24 hours for a vehicle to reach the gate. While Gates 2 and 2A lead into a busy residential area, Gate 10 that opens opposite the secretariat remains closed for obvious reasons.

Going into the details, an endless ordeal of trailers got residents into an altercation with a driver following which the cleaners and drivers of the Anna Labour Union struck work. They demanded immediate repairs to the Ennore-Manali Road which is yet to start work and also opening of Gates 2 and 2A. With trucks at standstill, import boxes got accumulated at the yard and the port authorities had to temporarily suspend export trucks from entering the yard.

Trade woes

- Lack of Infrastructure facilities / inadequate connectivity to the port
- Limited entry / exit points in the port for the volume of cargo handled
- Inordinate delay in finalising / execution of EMRIP connectivity project
- Imposition of unjustified surcharge on exim trade and
- Lack of accountability for delays

The port authorities had to relent and open Gates 2 and 2A but within no time, a truck rammed into a family and killed three members. This led to a protest from the residents and the closure of 2 series gates. Subsequently, road traffic came to a complete halt for four days – containers got stagnated at the yard, ships went back empty and so did feeder vessels.

This in turn led to increase in concession surcharges and has been an issue of contention between shippers and ships operators.

The problem at Chennai Port, says President of Chennai Custom House Agents Association P S Krishnan, is both with evacuation infrastructure and evacuating vehicles like tippers, tankers and trailers.

Union Minister of Shipping G K Vasan who visited the city around the time, promised truck operators that patch work of the port roads will be completed by the month-end and the Ennore-Manali Road Improvement Project (EMRIP) within two years.

The minister also announced that Chennai Port Trust will take 11.26 acres from the Tiruvottiyur Municipality on lease for 30 years to enable trailers with export cargo be parked in the area. A sum of Rs 139 crore will be paid as rent (at the rate of Rs 11 lakh per month) to the Municipality.

Assurances apart, the trade community hopes that proper roads that are enough in number for evacuating cargo and a clear-cut evacuation mechanism will save the city, its citizens and stakeholders from a life in suspension. MG

Annual Indian Maritime Gateway Awards 2010

RECOGNISING EXCELLENCE

PERFORMANCE PAR EXCELLENCE – IS THE UNIVERSAL BUSINESS MANTRA ADOPTED BY ORGANISATIONS WORLD OVER TO REACH THE ZENITH. BUT ONLY A FEW OF THE LOT ACTUALLY ACCOMPLISH THE TASK OF RAISING THE BAR HIGHER AND SETTING BENCHMARKS FOR OTHERS TO FOLLOW. OF THEM, ONLY A FEW WILL ACTUALLY REACH THE TOP.

About the Awards

Annual Indian Maritime Gateway Awards 2010 was precisely aimed at recognising the excellence of those few organisations and individuals who have actually reached the zenith. And much to the tradition of *Maritime Gateway*, this year's winners were felicitated at a glittering event on the evening of November 12, 2010 amid much fanfare.

Maritime Gateway initiated Annual Indian Maritime Gateway Awards in 2008 and since then, has been recognising and rewarding the real achievers in various segments of the maritime sector. This year, onus was laid on the fact that size does not matter for success. A common metric that was considered across the awards was operational efficiency. It was given more weightage rather than size and volumes. In the ports category, efficiency parameters were complimented by expansion plans taken up by the ports. Be it addition of berths, adding new equipment, or increasing storage yard capacities, all the initiatives that led to increase in overall capacity were given due importance.

> Onus was laid on the fact that size does not matter for success.

> A common metric that was considered across the awards was operational efficiency.

The shipping industry, on the other hand, experienced one of the worst years this financial year in terms of volumes and revenues. Therefore, the financial information was given less weightage and more emphasis was laid on how shipping companies managed to take advantage of the lower shipbuilding costs in the troubled times in order to keep their fleet young and healthy.

Promoting the industry and the country earns pride and recognition rather than just promoting one's own company. This is what is precisely applied in selecting Shipbuilding Company of the Year. These apart, standard parameters like order book position, timely deliveries were considered.

The ICD and CFS categories were purely evaluated on the efficiency parameters and increase in volumes. A new category was introduced this year to support the cause of reducing emissions and the overall carbon footprint at ports. In this introductory year, only ports were considered for this and hence the category – Clean Port of the Year. Shipping and logistics companies may be introduced at a later stage. Nominations for this category were invited only from bulk cargo handling ports since these ports are considered major centres of pollution because of the nature of the cargo.

Another change in this year's award categories was the addition of Indian Maritime Businessman of the Year in place Newsmaker of the Year. The leadership and businessman angles were brought into this, which the erstwhile newsmaker category lacked. The scope of judging the award was also expanded from just making news to leading one's organisation to success and promoting the industry.

Last but not the least, the Jury was given the choice of selecting an organisation or an individual from ports, shipping or logistics sectors, for their exceptional achievement. Termed as special Jury Award, it was purely the choice of the Jury.

Jury

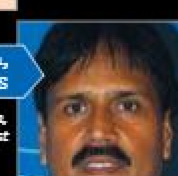
Shri APVN Sarma
Former Secretary, Ministry of Shipping, Government of India

Mr A Janardhana Rao
Managing Director, Indian Ports Association

Mr Pankaj Kumar, IAS
Vice Chairman & CEO, Gujarat Maritime Board

Mr Shantanu Bhadkamkar
Vice Chairman, Federation of Freight Forwarders' Associations in India

Capt Ram Ramachandran
President, Northern India Steamer Association Agents Association



Mr M L Meena, IPS
Chairman, Kolkata Port Trust

Mr Harmohindar Gandhi
Country Manager - India, Det Norske Veritas

Mr Naresh Parekh
Managing Director, Parekh Marine Agencies Pvt Ltd

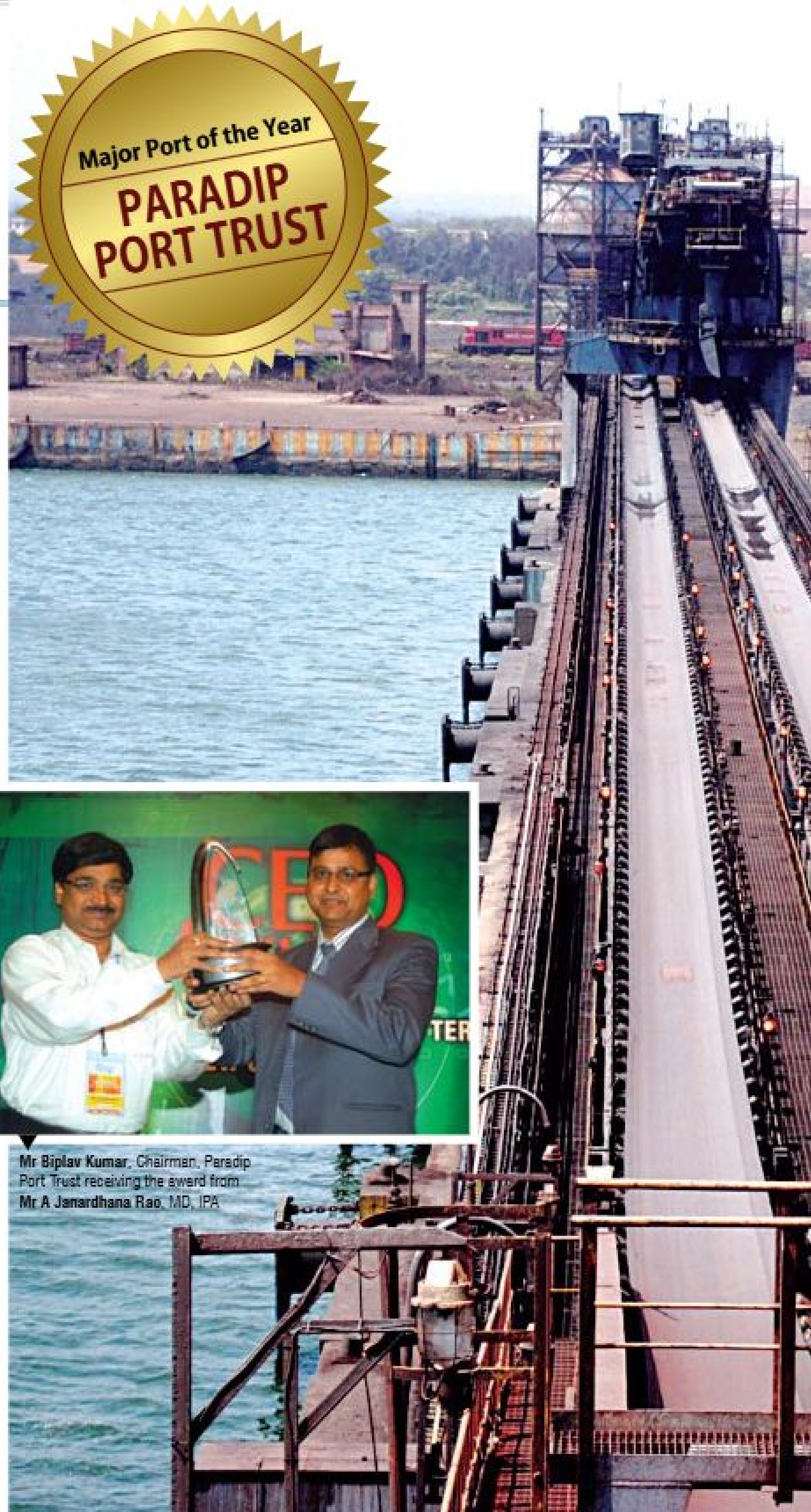
This award is presented to Paradip Port Trust in recognition of demonstrating high efficiency, productivity and customer satisfaction during the year 2009-10. The award also recognises the active role of the port in adding further capacities during the year to facilitate more productivity.

The parameters for Major Port of the Year were broadened this year and the efforts made by the ports to improve their capacities were also included as one of the judging parameters. Capacity expansion can be either adding new berths or new equipment or increasing storage space. This inclusion has changed the scenario dramatically.

22.84
per cent
growth in throughput in 2009-10 compared to the previous year.

Paradip Port fared well in both efficiency and capacity addition. It recorded the highest growth of 22.84 per cent growth in throughput in 2009-10 compared to the previous year. It also recorded growth of 9.63 per cent in average output per ship berth day, which is second to Tuticorin Port. The problems at Haldia also played to the advantage of Paradip. Numerous vessels were diverted to Paradip from Haldia and this contributed in a big way to the port's throughput. On the flip side, this increase in number of vessels also led to increased pre-berth detention time at Paradip and hence an increase in total turnaround time. But overall, the efficiency of cargo handling inside the port was excellent and it is evident in the average output per ship berth day.

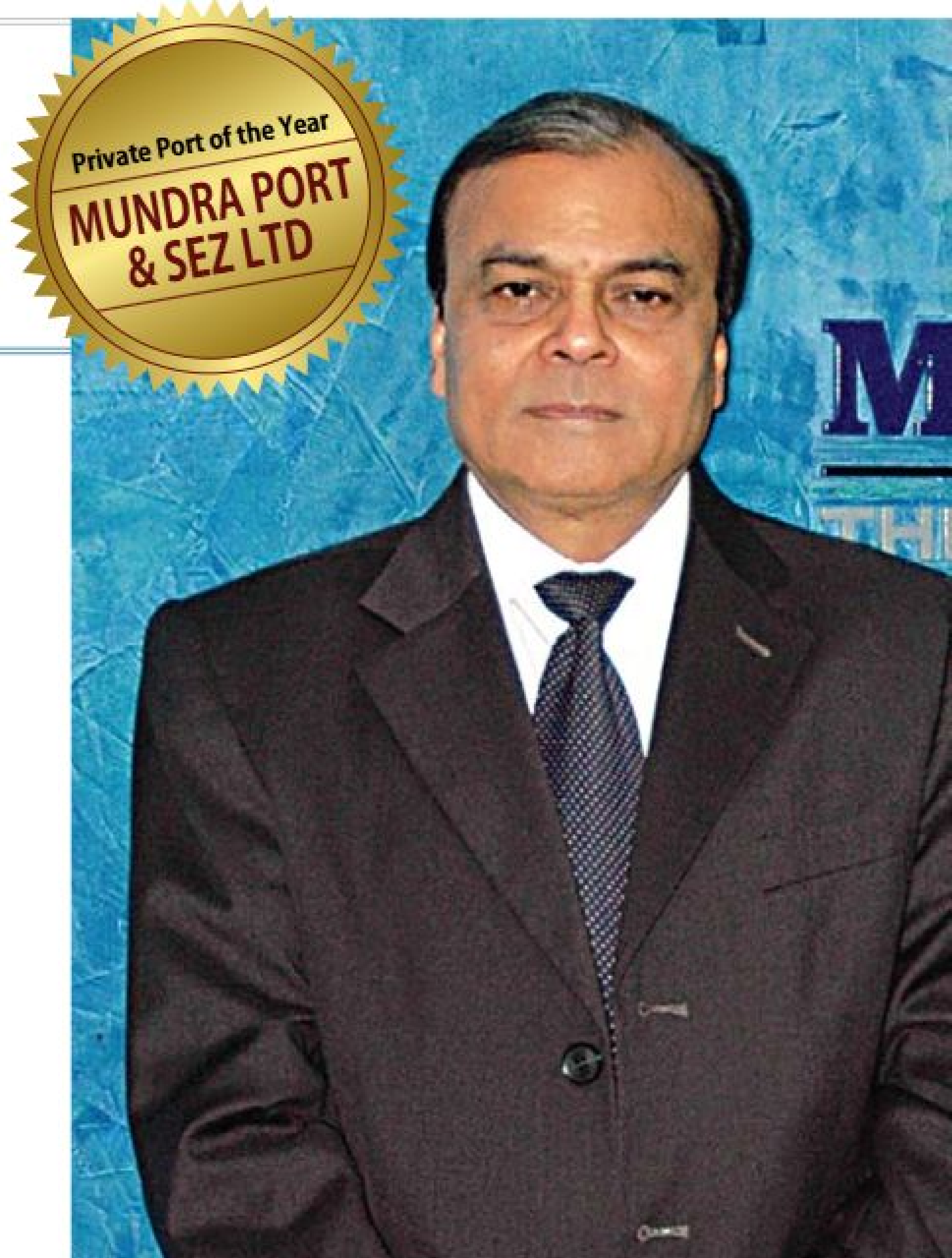
On the capacity front, the port had added 5.5 million tonnes of capacity during 2009-10 comprising of a ro-ro berth and commissioning of mobile cranes. Further, there are ongoing expansion projects of about 25 million tonnes.



Mr Biplav Kumar, Chairman, Paradip Port Trust receiving the award from **Mr A Janardhana Rao**, MD, IPA

Mr Biplav Kumar
with the trophy at Paradip Port.

This award is presented to Mundra Port and SEZ Limited in recognition of the constant efforts of the port in adding further capacities and infrastructure. The award recognises this port as a model port in the private sector and the benchmarks created through best practices.



Mundra Port & SEZ Limited won this hands down. The jury members went on record stating that Mundra Port scored well on the selection parameters.

The port achieved 30.91 (~40) million tonnes of throughput in 2009-10 achieving a growth rate of 12.8 per cent. The average output per ship berth day stood at 8,448 tonnes and the total turnaround time was at 2.15 days.

8,448
tonnes

The average output per ship berth day

The port has huge expansion plans lined up and one can always see some or other expansion project underway at the port. In 2009-10, the port commissioned the Fertiliser Cargo Complex with a capacity of 10 rakes per day. It had also commissioned Goliath cranes for handling steel pipes. Projects under implementation include development of Terminal 3 & 4, coal import terminal of 50 million tonnes capacity, container terminal, ro-ro terminal, tank farm capacity enhancement and agro park complex.

Overall, the port is setting new benchmarks in cargo handling by adopting best practices and establishing best in class infrastructure. The jury felt that Mundra Port can be considered as a model port among the private ports in terms of the pace of development work and customer service.

Mr Rajeeva Sinha, Wholetime Director, Mundra Port & SEZ Ltd, receiving the award from **Mr S S Hussain**, Former Chairman, JNPT.

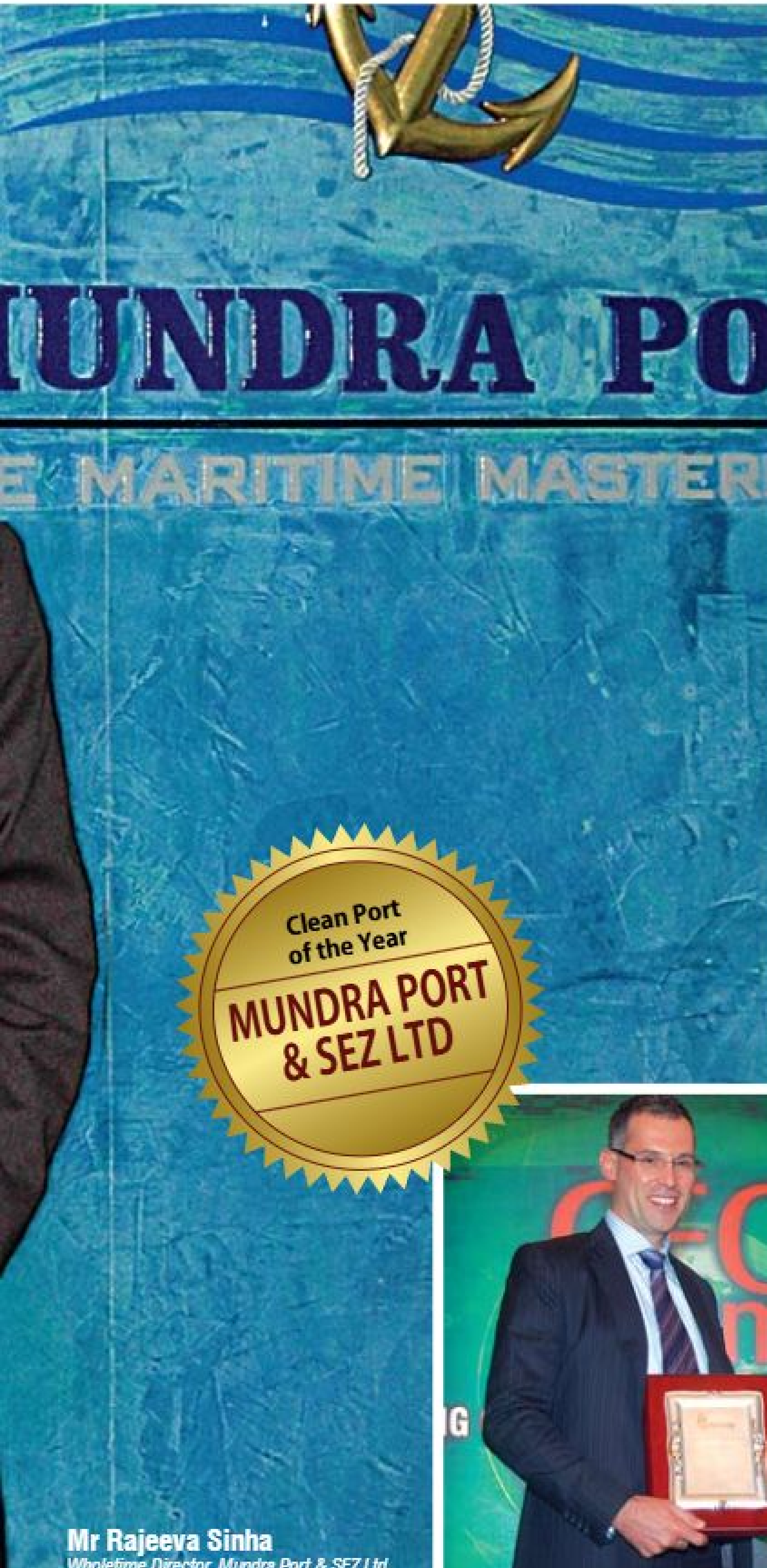
This award is presented to Mundra Port & SEZ Limited for the leadership role displayed in protecting the port environment. The award recognises the voluntary steps taken by the port to reduce emissions and carbon footprint.

Mundra Port & SEZ Limited has been selected as a member of C-40 World Port and has adopted ISO 14001-2004 standard with a view to assure itself of conformity with its stated environmental policy and demonstrate conformity with the International Standard.

The Kutch region has desert terrain conditions with highly saline, sandy soil, highly saline water and with strong wind conditions. So, to improve climatic condition and to change the environment, Mundra Port has adopted the strategy to develop an eco-friendly port with greenery across the coastal area.

> **ISO 14001-2004**
> standard that conforms to international environment protection has been adopted by Mundra Port.

The port has adopted the latest Iso-Dutch Technique (first in India) in highly saline sandy soil and water (35000-45000 TDS) for Green Zone development with survival rate of more than 93 per cent in highly saline sea dredged soil base. In addition to these, the port has also successfully created green belts across 231 hectares with a survival rate of 80 per cent.



Mr Rajeeva Sinha
Wholetime Director, Mundra Port & SEZ Ltd.

Mr Rajeeva Sinha, Wholetime Director, Mundra Port & SEZ Ltd, receiving the award from **Mr Oz Ozturk**, Chief Technology Officer, Arshiya International Ltd.

This award is presented to Chennai Container Terminal (DP Chennai) in recognition of the terminal's efforts to achieve high levels of efficiency and productivity during the year 2009-10. The award also recognises its best-in-class services offered to the customers through use of technology.

This category witnessed fierce competition but DP Chennai emerged as the winner due to the edge in the efficiency figures. The terminal had the advantage on all the productivity parameters and had also made efforts to increase its capacity by adding two rail mounted quay cranes.

The average dwell time for containers at DP Chennai during the year 2009-10 was only 1 day and the average cranes moves per hour were 31. The terminal maintained a very good margin from other nominees in average trailer turnaround time with just 40 minutes.

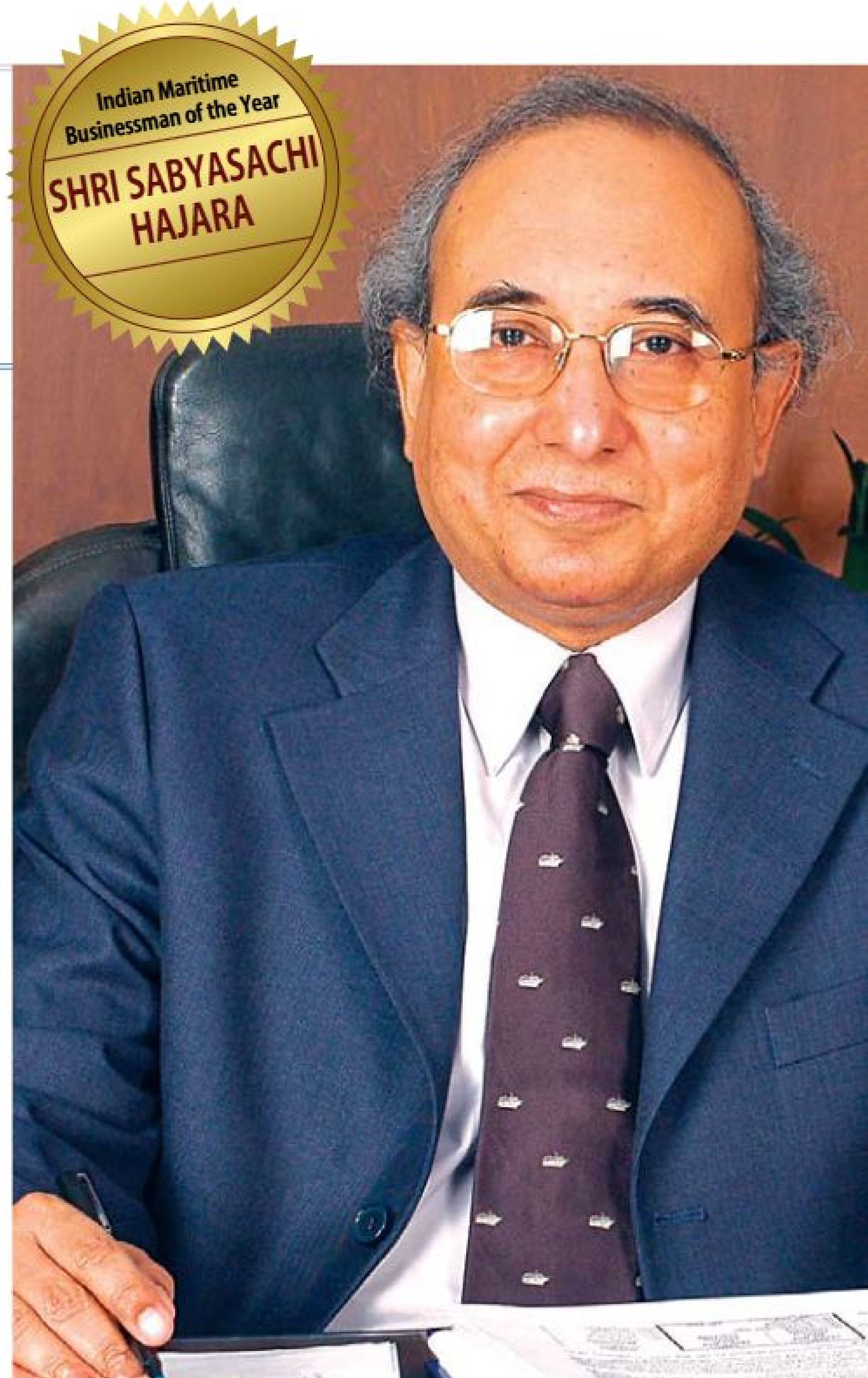
40 minutes

is the average trailer turnaround time achieved by the Chennai Container Terminal

Lately, Chennai Container Terminal has become India's first e-Terminal. It provides different online services such as electronic form 13, electronic SSR, web access, web based CRM, invoice & account statements on the web, customer relationship management and web / SMS based container tracking system.

Mr Ennarasu Karunesan, CEO, Chennai Container Terminal receiving the award from **Mr Richard Hew**, MD, OOCL India.

Mr Ennarasu Karunesan
at the Chennai Container Terminal



Shri Sabyasachi Hajara
Chairman & Managing Director,
The Shipping Corporation of India Limited

► The award is presented to Shri S Hajara in recognition of his able leadership and sincere efforts in steering the company during challenging times. The award recognises the dynamic and leadership role played in transforming the national carrier into a world-class shipping company.

Shri Hajara has been leading The Shipping Corporation of India as its CMD for over five years and under his leadership, this government-owned company stood as the trendsetter for the entire Indian shipping fraternity.

Under his leadership, the performance of SCI has been stupendous even in the recession-hit year of 2009 when other shipping companies experienced sharp dips in their revenues and profits.

Shri Hajara is also the president of the Indian National Shipowners Association for over the last three years. He has been a major force for pushing government policies striving to increase the Indian shipping tonnage and facilitating an even playing field for the Indian shipping companies. He is also of the view that training his employees is the greatest investment for the future of his company. ■

Hajara has been the Chairman of the Board and Managing Director at Shipping Corp. of India since September 2005. He has been a Director of Shipping Corp. of India since 2001 and Sethusamudram Corporation Ltd. since December 16, 2005.

Hajara has been crucial in forming joint ventures to consolidate the position of SCI in the Indian shipping industry. SCI has already signed MoU with ONGC and a couple of other JVs with SAIL and Coal India Limited are on the cards.

This award is presented to The Shipping Corporation of India Limited in appreciation of its aggressive drive for fleet expansion and modernisation. The award recognises this company's new initiatives such as foraying into coastal shipping and promoting trade through active partnerships.

Bulk Operator of the Year recognises the efforts of a shipping company in the dry bulk segment to stay afloat in the difficult times. The year 2009 was a year of low for the entire shipping industry and freight rates too crashed to their all time lows. The barometer of the dry bulk shipping – Baltic Dry Index – fell by about 90 per cent in 2009. Therefore, it was decided not to lay emphasis on financial data of the shipping companies but gauge their performance in maintaining a healthy fleet. The recession also brought down the newbuilding rates to all time lows and that was a boon in disguise for the shipping industry.

10
bulk carriers

are currently on order at STX (Dalian) Shipbuilding Co. Ltd., China. While the average age of fleet is about 20 years, individual vessels range between 9 and 23 years.

The overall fleet position was 79 ships at the beginning of the year, and closed at 80 ships at the end of the year. During the year, two vessels aggregating 67,576 DWT tonnage were disposed off, and a newbuilding crude oil tanker and two newbuilding container vessels aggregating to 434,598 DWT were delivered.

SCI has an assortment of 18 bulk carriers spanning the Handy, Handymax and Panamax sizes of vessels. The fleet is about 20 years old on an average, but individual vessels ranging from between 9-23 years in age.

But the aggressive drive of the company to modernise its fleet has caught the attention of the Jury.

Capt K S Nair, Director, Bulk & Tanker Division, The Shipping Corporation of India Ltd. receiving the award from **Mr Prakash Tulsiani**, MD, APM Terminal Pipavav.

Mr Rizwan Soomar
Managing Director, Maersk India Private Limited

Mr Bas Huele, Director, Customer Service, Maersk India Pvt. Ltd. receiving the award on behalf of Mr Rizwan Soomar, MD, from **Capt Anil Singh**, Sr VP & MD, DP World Sub-Continent.

This award is presented to Maersk Line in recognition of investments made and support infrastructure established during the year 2009-10. The award recognises the excellent customer service rendered by the company during the year.

India is one of the fastest growing markets for the container liners and Maesrk has left no stone unturned to reap the benefits of this burgeoning market. Maersk India Private Limited has been consistently investing in its Indian business and has also consistently been the favourite liner for the export-import trade promptness in the customer service.

40 per cent

reduction in bunker consumption can be achieved by reducing the speed of the vessel say from 24 to 20 knots.

The year 2009 saw most of the shipping lines hibernating their fleet outside the ports across the world. Container trade was worst affected among the various segments of shipping. It is in this scenario that Maersk has adopted slow steaming as a strategy to press in as many vessels as possible into the service. This strategy not only brought back the idle tonnage into service, but also maintained revenues in the drought-stricken market.

This award is presented to ABG Shipyard Limited for its exemplary performance in yard expansion and maintaining healthy order book position. The award recognises the efforts of the company in promoting and positioning India as a shipbuilding destination.

ABG has posted a turnover of ₹ 1,851.79 crore in 2009-10, an increase of about 30.45 per cent as compared to ₹ 1,419.47 crore in the previous financial year. It recorded a net profit of ₹ 228.92 crore as against ₹ 171.10 crore in the corresponding previous financial year, depicting a rise of 33.80 per cent.

At the end of this financial year, the order book of ABG Shipyard stood at ₹ 12,660 crore, the highest in the country. Of this, about ₹ 8,700 crore is executable by 2014-15. During this year, it has also bagged the order for constructing two 350 feet jackup rigs from Essar Group. This single itself consists of about 17 per cent of its order book. During the year, ABG had delivered 14 vessels taking the total number of vessels delivered so far up to 122.

₹ 8,700 crore

of the total order book of ₹12,660 crore (largest order book for an Indian shipyard) is to be executed by 2014-15.

ABG Shipyard has also been actively promoting the Indian Shipbuilding industry at large at various international platforms and has been crucial in bringing foreign orders to Indian yards.

Mr Rishi Agarwal
Chairman, ABG Shipyard Ltd

Mr Dhanunjay Datar, Director Finance, ABG Shipyard Ltd., receiving the award on behalf of **Mr Rishi Agarwal**, from **Dr Prabhakaran Paleri**, Former Director General, Indian Coast Guard.

This award is presented to CONCOR ICD Dadri in recognition of superior infrastructure and high levels of reliability in customer service. The award recognises the active role played in partnering with stakeholders in creating capacities and infrastructure.

In this category, the jury unanimously selected ICD Dadri as the Inland Container Depot of the Year for its excellent infrastructure setup and customer service.

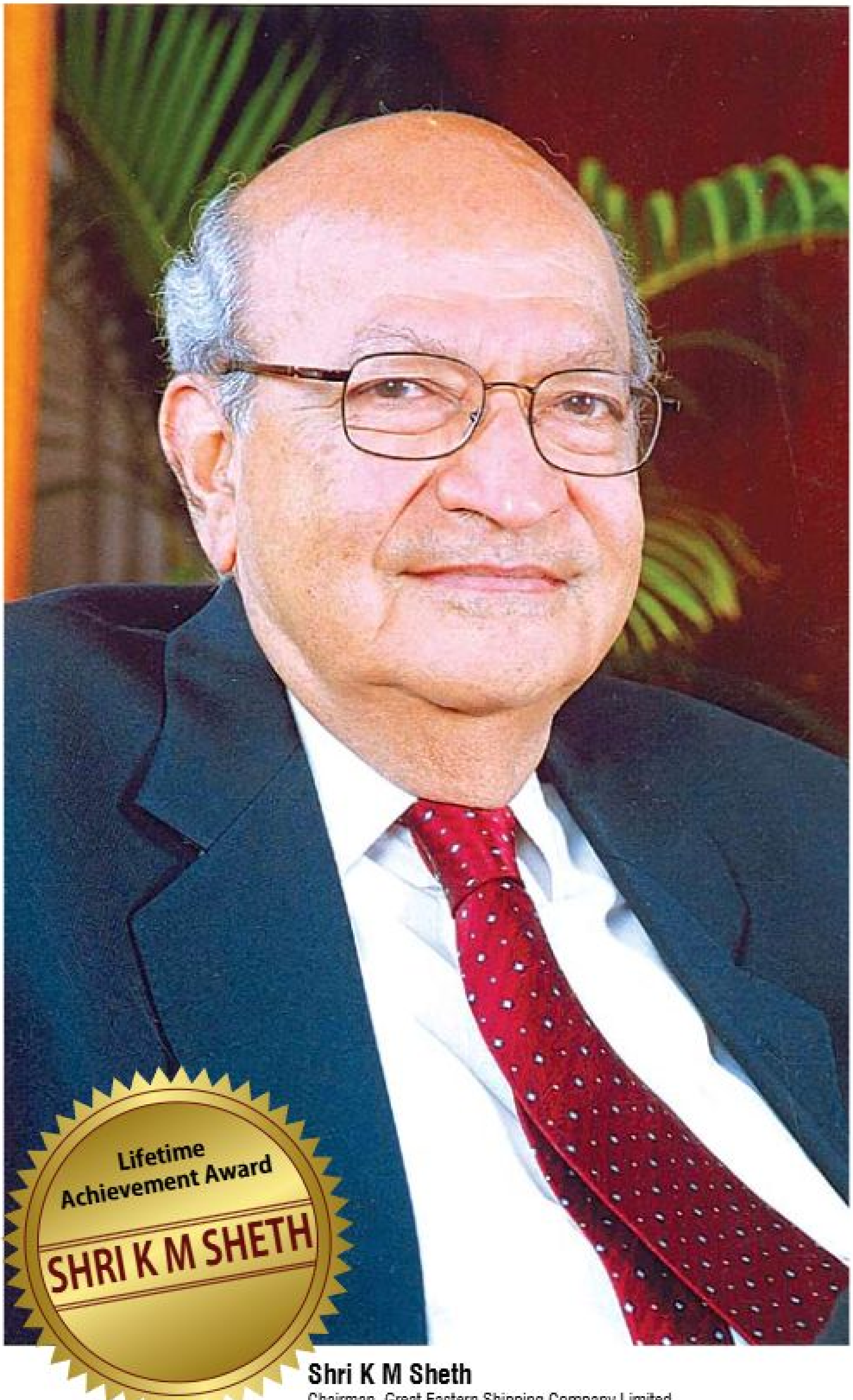
ICD Dadri handled 233,207 TEU in 2009-10, registering a growth of 8 per cent – one of the highest recorded growth rates for this year characterised by low volumes. ICD Dadri has a total capacity of 1 million TEU and can handle about seven rakes per day.

233,207
TEU

was the total throughput handled by ICD Dadri in 2009-10, registering a growth of 8 per cent.

Mr Sushil Kumar
at CONCOR ICD Dadri

Mr Sushil Kumar, ED, CONCOR receiving the award from **Mr Rajeeva Sinha**, Whole time Director, Mundra Port & SEZ Ltd.



Shri K M Sheth
Chairman, Great Eastern Shipping Company Limited

Born in 1932, Sheth studied at the Sydenham College of Commerce, Mumbai, and joined the company in 1952. He became the Deputy Chairman and Managing Director in 1975 and rose to become the Chairman and Managing Director in 1992. He has been guiding the company in its strategic and decision-making policies and is currently the Executive Chairman.

Sheth is also the Chairman of the South Asian Committee of Lloyds Register of Shipping and the Indian National Committee of Det Norske Veritas and a director on the board of the Indian Register of Shipping. He is a member of the Indian Committee of Nippon Kalji Kyokai, Japan, the American Bureau of Shipping, and Indian National Committee and on the board of Britannia Steamship Insurance Association Limited, London.

Previously, he held the post of President of the Indian National Shipowners' Association (INSA) and was the employers' group Chairman in the International Labor Organization (ILO) plenary session in Geneva. He represented INSA on the National Shipping Board from 1988 to 1990 and for the ILO conference in October 1987.

Mr Jayesh Trivedi, Company Secretary, The Great Eastern Shipping Co. Ltd., receiving the award on behalf of Shri K M Sheth, from **Mr Marc Rogers**, Director of Security, Global Opns, DP World.

Tanker Operator of the Year
THE GREAT EASTERN SHIPPING Co LTD

This award is presented to The Great Eastern Shipping Company Limited in recognition of maintaining young and healthy fleet in tanker segment. The award recognises the sustained efforts of fleet expansion and modernisation.

Similar to the dry bulk segment, the tanker segment too witnessed industry lows and rock bottom freight rates. For this category too, it was decided not to lay emphasis on financial data of the shipping companies but observe how they performed in maintaining a healthy fleet.

Great Eastern Shipping Company Limited has a total fleet of 36 vessels of which 30 are tankers with an average age of 10.2 years. During the year 2009-10, Great Eastern took delivery of three double hull product tankers – two new built Long Range (LR1) and one second-hand medium range (MR) tankers. The company sold four vessels – two Handymax dry bulk carriers and two Medium Range product tankers.

Subsequent to the year, the company delivered one double-hull Suezmax crude carrier and one non-doublehull general purpose product carrier to the buyers. Also, Great Eastern and Hyundai Heavy Industries Ltd (the yard) mutually agreed to modify the contract of building two Suezmax tankers to three Very Large Crude Carriers (VLCCs).

This award is presented to J.M. Baxi & Co. in recognition of the high quality services offered and impressive volumes achieved during the year 2009-10. The award recognises the outstanding contribution made by the company to the export-import trade.

J.M. Baxi & Co. is the largest shipping agent in India having offices at more than 50 locations at all major ports and private ports. The company handles all types of cargoes and vessels.

Mr Krishna Kotak, MD, J.M. Baxi & Co

It handles over 6,000 vessels every year at all the Indian ports, which includes tankers (VLCC/Crude/Products), LPG, LNG & Ammonia carriers, bulk cargo vessels, container vessels, break bulk liner vessels, car carrier vessels, cruise vessels, naval vessels, dredgers, lash vessels, offshore & onshore rigs, heavy lift cum submersible vessels, supply vessels and helicopters. The company comprehensively covers all requirements of the vessel and offers value-added services as owner's protective agents and also ship lay-up services at various port locations. J.M. Baxi is also the largest volume of project cargo in the country.

Shipping Agent of the Year
J.M. BAXI & Co

Mr M K Patel, VP, Ports & Agency Operations, J.M. Baxi & Co., receiving the award on behalf of Mr Krishna Kotak, from **Mr Shantanu Bhadkamkar**, Vice-Chairman and Convenor, FFFAI.

Container Freight Station of the Year

ALLCARGO GLOBAL LOGISTICS

Mr Ken Ecedes, CEO, Allcargo Global Logistics receiving the award from **Capt. Dinesh Goutama**, Vice Chairman, Container Liners Assn. of India.

Mr Ken Ecedes, with **Mr Sashi Kiran Shetty**, Chairman & MD, Allcargo Global Logistics.

► **This award is presented to Allcargo Global Logistics Ltd. in recognition of the high levels of efficiency and productivity displayed during the year 2009-10. The award recognises the company's efforts to promote exim trade through creation of own modern facilities and infrastructure.**

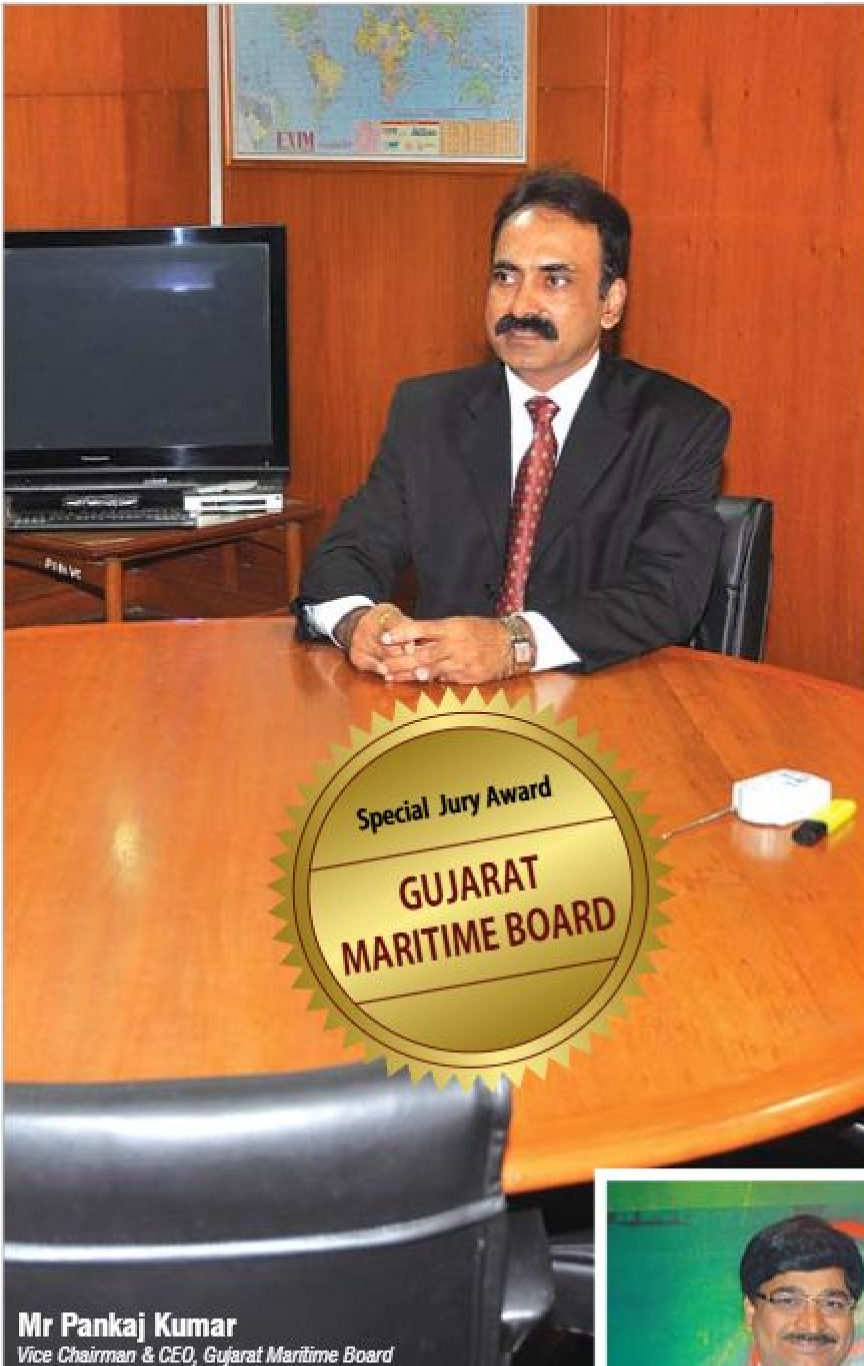
In a short span of seven years, Allcargo has built CFSs at JNPT, Chennai and Mundra, covering almost 80 per cent of the country's containerised cargo with total CFS capacity of 322,000 TEU per annum. The company was able to handle about 540 TEU per day during the 2009-10 with 16 hours as the average time for handling an export or import container (including delivery).

Being the biggest NVOCC in India, Allcargo has ensured that it operates the CFS business in its own facilities rather than leased ones. The company has also ensured to put up the latest IT infrastructure in place to further boost the efficiency levels. Apart from this, Allcargo has also entered into a 51:49 partnership (Allcargo holding 51 per cent) with CONCOR to establish an ICD at Dadri, which will be rail-linked.

16 hours

as the average time for handling an export or import container (including delivery).

On the customer service front, Allcargo has not only set the benchmarks of in service and excellence for CFS/ICD business, but also has become a dominant player of container logistics in India.



Mr Pankaj Kumar
Vice Chairman & CEO, Gujarat Maritime Board

The award is presented to Gujarat Maritime Board in recognition of the leadership role of the board in implementing industry-friendly policies and for being the driving agent of maritime trade in the state. The award recognises the sustained efforts of the board in furthering port-led development in the state of Gujarat.

This category is purely the choice of the jury members who felt that Gujarat Maritime Board deserves to be rewarded for all the development work that it is carrying out in the state of Gujarat.

GMB under its Port Privatisation Model has been actively promoting and developing Greenfield Ports. Gujarat is also the hub for shipbuilding and ship recycling activities in India. The industry-friendly policies adopted by GMB go a long way in producing the top two private ports in the country and gain critical acclaim for the shipbuilding and ship recycling industries.

Capt S C Mathur, Chief Nautical Officer, Gujarat Maritime Board, receiving the award on behalf of **Mr Pankaj Kumar**, Vice Chairman & CEO, from **Mr A Janardhana Rao**, MD, IPA.

Gateway Awards of Excellence in Maritime Education 2010

Mr M K Ghosh, Director Incharge, Marine Engineering & Research Institute, Kolkata, receiving the award from Union Minister of Shipping **Shri G K Vasan**.

Marine Engineering & Research Institute (MERI), Kolkata

This award is presented in recognition of excellence in maritime training. The award recognises the institute's dedication and integrity in shaping cadets of the highest order in the maritime field.

The Great Eastern Shipping Company Ltd

This award is presented in recognition of professional work culture promoted in the shipping industry. The award recognises the company's performance-based work environment and promotion of people-driven policies for organisational excellence.

Mr Pradeep Correa, Director-HRD, Great Eastern Shipping Company Ltd, receiving the award from Union Minister of Shipping **Shri G K Vasan**.

Mr Abdul Rashid A Yusuf, Chairman Emeritus of T S Rahaman, Mumbai, receiving the award from Union Minister of Shipping **Shri G K Vasan**.

Maritime education has been playing a key role in producing skilled personnel and preparing them for hands-on careers in shipping. Maritime Gateway recognises the institutions and people driving the cause of maritime education in India. Here are some of the best in the field of maritime education who have been awarded this year during the recent India Maritime Human Resources Summit organised in Chennai.

Mr Abdul Rashid A Yusuf, T S Rahaman

This award is presented in recognition of his outstanding contribution to the promotion of maritime human resources. The award recognises his pursuit of excellence and yeoman service to the maritime community for over nine decades.

Capt A K Bansal

This award is presented in recognition of his exceptional contribution to the shipping industry, both at sea and on shore. The award recognises his invaluable services in promoting the cause of seafaring and upholding ethics and values as a seafarer.

Capt A K Bansal, Master Mariner & Bar at Law, receiving the award from Secretary General of InterManager **Mr Kuba Szymanski**.

Expanding Capacities at Ports & Terminals: New Challenges

Get the Start Right

All the ports in India will be required to handle about 2.5 billion tonnes of cargo by 2020 and to this extent, the Shipping Ministry is working on a 10-year action plan for the maritime industry, announces K Mohandas, Secretary, Ministry of Shipping. To handle such colossal cargo quantities, it is essential to beef up port capacities. Looking at the ideal capacity utilisation of 70 per cent, Indian ports need to expand their capacities and achieve operational efficiency. They are increasingly confronted with pressing need for expanding their facilities and cargo handling productivity. The need of the hour is to fast-track expansion projects at both major ports and private ports and to add greenfield ports with a high degree of automation.

As ports are gearing up to face growing demands, the recent Annual Maritime Gateway CEO Forum got its teeth into relevant issues. Organised recently at the Leela Kempinski in Mumbai, the forum focused on the theme – **Expanding Capacities at Ports and Terminals: New Challenges.** Participants engaged in an interactive session on issues faced by port developers, concessionaires in PPP projects in the process of building port capacities and immediate steps for a smooth process to enable port capacities.

The panelists in the CEO Forum were Rajeeva Sinha, Wholetime Director - Mundra Port & SEZ Ltd, Prakash Tulsiani, Managing Director - APM Terminals Pipavav, Biplav Kumar, Chairman - Paradip Port Trust and Oz Ozturk, Chief Technology Officer - Arshiya International Ltd. Shantanu Bhadkamkar, Vice Chairman and Convenor, FFFAI, moderated the discussion.

Discussing the issue of concession agreement in PPP projects, Rajeeva Sinha advocated that such agreements should be treated as sacrosanct and the government should not change / revise the terms and conditions too often. "Concession agreements should

PPP project agreements

They should be treated as sacrosanct and the terms & conditions should not be changed / revised by the government too often.

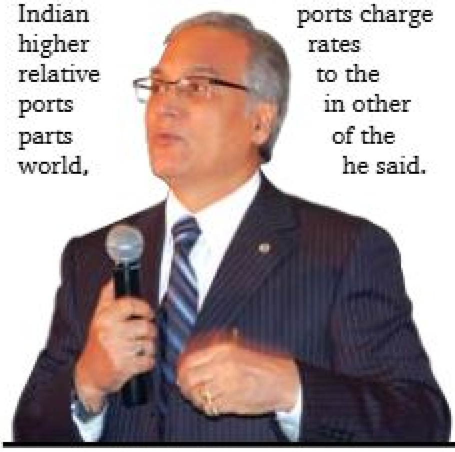
be drafted tight at the initial stages and should not be subjected to unnecessary meddling in the name of revisions, as it defeats the purpose of PPP." The government, along with the developers, is required to shoulder collective responsibility of the project for clearing hurdles during the initial stages and execution. He further added that in any port project, technology infrastructure has to be established at the beginning of the project rather than in the middle. "This can eliminate to a large extent the huge costs associated with customisation," Sinha said.

Speaking about port-led development, Prakash Tulsiani opined that cities have to be brought to ports rather than ports commencing operations in cities. He quoted the example of ports in Mumbai that were built in the existing city. JNPT, which is just 20 years old, has already begun to face severe congestion problems in evacuating containers and providing hassle-free connectivity. It therefore becomes rational to develop a port first and then develop a city near it. This will ease the problems of connectivity and evacuation. China, he added, builds mega infrastructure ahead of the demand and development follows automatically.

Biplav Kumar touched upon the burning issue of land acquisition for port expansion and connectivity projects – a major roadblock for infrastructure development projects. In spite of being a government-owned major port, Paradip also faces the issue of land acquisition for its projects. Kumar said projects, which should either have started operations or have been completed, are getting stalled as land owners are demanding high price for their property.

Ozturk highlighted the connectivity issues between ICDs in the hinterland and gateway ports. He also shared with the panel that Arshiya International may, in the future, look at investing / buying out ports in India. On the face of it, a logistics company buying a port as part of vertical integration is relatively a new concept. Usually, ports or shipping companies enter into logistics business. But this is a new initiative that may further change the dynamics of the maritime sector.

In the question & answer session, Capt Dinesh Gautama, Vice-Chairman, Container Shipping Lines Association raised the issue of higher port charges. Indian ports charge higher rates relative to the ports in other parts of the world, he said.



Responding to his query, Rajeeva Sinha wondered why Indian ports are not making profits if they are charging higher rates. He said the EBITDA of major ports staggers between 30 and 50 per cent. "If the ports are making more money out of higher charges, then this percentage should be higher," he said. He also clarified that the higher charges are due to the inefficiencies that seeped in due to poor infrastructure and handling. "If such inefficiencies are removed, then our ports are as good as any top performing international ports," he added.

Sinha agreed with Capt Gautama that our pieces of legislation on shipping and ports need to be revised. For example, lighthouse charges that are still being enforced at ports can be done away with, he opined. MG

Technology @ Ports & Terminals, the third in the Gateway Knowledge Forum series organised by *Maritime Gateway* at The Leela Kempinski in Mumbai on November 12, 2010 was well-received and appreciated by the industry and trade. The day-long conference brought government representatives and stakeholders in the ports and the shipping sectors to deliberate on technology which is inevitable for successful port and shipping operations in an emerging economy like India. Technology at Ports and Terminals is therefore vital for ensuring safe, seamless and sustainable port operations, concurred the speakers and the delegates.

Hon'ble Secretary, Ministry of Shipping, K Mohandas, the chief guest of the inaugural, called upon the maritime fraternity to make the best use of technology to uphold standards in safety, security, efficiency and environment. Dwelling on the theme of the day, he said the industry. Mr Mark Rogers, Director of Security, Global Operations - DP World, Dubai, expressed the need for the maritime sector to focus on global supply chain security technologies and procedural initiatives.

Raising the Bar High through Technology

New IPPTA Logo

The new logo of the Indian Private Ports & Terminals Association was unveiled by Shipping Secretary K Mohandas during the inaugural of the Technology Summit. R Kishore, President of IPPTA said the new logo symbolises the association's mission to promote the ports sector in India. Secretary General of IPPTA S Kulkarni, and Treasurer Kevin D'Souza were present during the unveiling ceremony.

The one-day conference that followed had three focused sessions, each structured in a presentation format followed by a panel discussion and Q&A interaction with the audience. The evening marked the Annual Maritime Gateway CEO Forum and the presentation of the Annual Indian Maritime Gateway Awards 2010.

Session I
Protecting Ports, Terminals & Cargo

Dr Prabhakaran Paleri, *Former Director General, Indian Coast Guard*
Col Brijesh Kumar Singh, *Head - Administration & Security, APM Terminals Pipavav*
Capt Ankit Vaishnav, *CEO, Mundra International Container Terminal*
Mr Chandran Mathavan, *GM (Asia), Titan Maritime (SEA) Pte Ltd, Singapore*

Session II
Improving Operational Efficiency

Mr Rajeeva Sinha, *Director, Mundra Port & SEZ Ltd*
Capt Rohit Suraj, *Regional Director, TBA Asia Pacific*
Mr Vineet Malhotra, *Senior Vice President, Kale Consultants*
Mr Prakash Rao, *Asst. Vice President - Marketing, ABB Marine Solutions India*
Mr Vinay Khajla, *Commandant, CISF unit, Mumbai Port Trust*

Session III
Sustainable Development

Capt Ram Ganesan, AVP - Business Development, JSW Port division
Mrs Nafeesa Moloobhoy, Managing Partner, A S Moloobhoy & Sons
Mr Ojas Doshi, Managing Director, Forsenia Engineering Pvt Ltd
Mr Nandan Kilpady, VP – Business Development, Essar Ports & Terminals

People are the Power

India Maritime Human Resources Summit, the fourth in the Gateway Knowledge Forum series organised by Maritime Gateway at Taj Coromandel, Chennai on November 27, 2010 was well-received and brought together the government, the industry, the academia and trade. *Maritime Gateway* collaborated with the Indian Maritime University to organise the forum. The day-long conference brought government representatives, senior management of ports and shipping companies and heads of various maritime institutions from all over India on to a common platform to deliberate on the need to promote seafaring and allied maritime careers.

Session I Go to Sea campaign
Dr P Misra, *Principal Officer, Mercantile Marine Department, DG Shipping*
Capt James Robinson, *President, The Nautical Institute, UK*
Mr Kuba Szymanksi, *Secretary General, InterManager*
Capt Rajesh Tandon, *MD & Operations Director, Manpower Services, V Ships India Pvt Ltd*
Dr L R Chary, *Maritime Consultant , Professor Emeritus, AMET University* (Session Moderator)

Session II Maritime Education in India and Abroad
Capt K Vivekanand, *Pro Vice Chancellor, Vels University (Session Moderator)*
Capt Rod Short, *Executive Secretary, GlobalMET Limited & Global Maritime Education & Training Association, New Zealand*
Mr Swapan Das Sarma, *Director, Teledata Marine Solutions Ltd & President, International Maritime University*
Capt S Krishnamurthi, *Asst Vice President (Op), Sanmar Shipping Ltd*

Union Minister of Shipping Thiru G K Vasan was the chief guest of the inaugural session. The Minister released the special HR issue of Maritime Gateway and presented the Gateway Awards of Excellence in Maritime Education to five best performers in the field of maritime education. He congratulated all the recipients of the awards and urged them to strive for greater heights in excellence.

Speaking on the occasion, the minister called upon the industry to encourage women in seafaring by providing them better accommodation in ships and a gender-friendly environment on board. "Today, women are excelling in all sectors and there is no reason why the maritime sector should be the exclusive preserve of males," the minister said.

Seafarers, the minister noted, are truly the unsung heroes who have been taking our civilisation forward. He lauded the efforts of the Indian Maritime University and Maritime Gateway for organising a timely summit on a topical theme.

Chairman of Chennai Port Trust Atulya Misra and IMU Vice-Chancellor Dr P Vijayan also spoke on the importance of nurturing maritime personnel for challenging jobs ahead.

Several senior maritime educationalists from India and international maritime training organisations were present in large numbers. Capt Rod Short, Executive Secretary, GlobalMET Limited & Global Maritime Education & Training Association, New Zealand, Capt James Robinson, President, The Nautical Institute, UK and Kuba Szymanksi, Secretary General, InterManager appreciated the intent of the summit and also took part in the knowledge forum.

Session III

Quality of Education

Capt S Bhardwaj, *Vice-Chancellor, AMET University (Session Moderator)*

Capt K N Deboo, *Director & Principal, Anglo-Eastern Maritime Training Centre, Mumbai*

Mr Kailash Gupta, *Director (Personnel & Administration), The Shipping Corporation of India Ltd*

Session IV

Building Human Resources for Maritime Sector (Panel Discussion)

Capt S Bharadwaj, *Vice-Chancellor, AMET University (Session Moderator)*

Capt K Vivekanand, *Pro Vice Chancellor, Vels University*

Mr Swapan Das Sarma, *Director, Teledata Marine Solutions Ltd & President, International Maritime University*

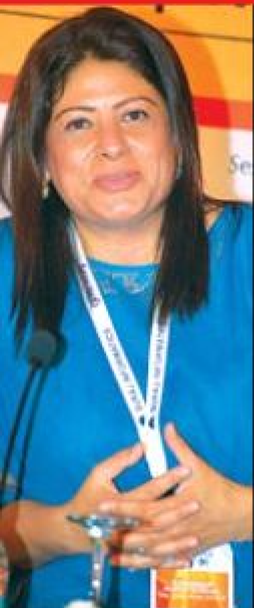
Capt Rod Short, *Executive Secretary, GlobalMET Limited & Global Maritime Education & Training Association, New Zealand*

Capt James Robinson, *President, The Nautical Institute, UK*

Capt K N Deboo, *Director & Principal, Anglo-Eastern Maritime Training Centre*


FORUM
HR Special
POWER
DR.P.Vijayan


Technology @



Event Images

MegaShips Stream into Service

Shipping lines adding mega vessels to their fleet, is the latest trend witnessed in the recent times. A **Maritime Gateway** Report.

More and more mega container ships are adding to the fleet of shipping companies and the trend is expected to be carried further as newbuilding vessels get released. The vessels are expected to bring dividends to exporters and bring down lean times as the prime gateway ports in Asia and across the world are expected to receive more mainline vessel calls. The mega vessels can also make more number of calls at transshipment ports cutting down transportation costs of shippers.

$5.25 billion

being spent on widening of the Panama Canal will open gates to accommodate giant container ships. The newest, biggest Post-Panamax ships can carry the equivalent of as many as 15,000 containers that are 20 feet long. But they are also heavier, wider and require deeper water.

The vessels could also receive enhanced quantity of fully loaded container volumes guided by economies of scale. However, it is felt that transportation tariff in the long run would continue to be guided by market dynamics of supply and demand, not to mention the prevailing financial health of the shipping lines and operating costs.

French shipping giant CMA CGM is one such shipping line that has made its mark by adding mega tonnage to its fleet. The shipping line has received a 11,400-TEU a mega container ship *CMA CGM Callisto* from Hanjin Heavy Industries South Korea. The ship has been deployed on the FAL-5 (French Asia Line) Service between Asia and North Europe. The vessel has also started its rotation before calling on Shanghai, Shenzhen, Yantian, Tanjung Pelepas, Port Klang, Le Havre, Hamburg, Rotterdam, Zeebrugge, Port Klang and Singapore.

Another mega container vessel, a 6,500-TEU ship *CMA CGM Lamartine* has also been deployed by the shipping line on Asia-Mediterranean route MEX service. The vessel will undertake rotation of Yokohama, Kobe, Busan, Kwanyang, Shanghai, Ningbo, Xiamen, Shenzen, Hong Kong, Port Klang, Beirut, Malta, Valencia, Barcelona, Genoa, Naples, Malta, Port Klang, Shenzhen and back to Yokohama. Asia-Europe route will also be served by *CMA CGM Christophe Colomb*, a mega 13,800-TEU container vessel taken delivery

Direct Taxes Code Bill, 2010 Tax Issues for FSCs
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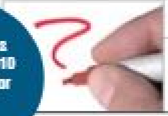


by the company recently. Explaining the importance of large container vessels in the present day trade, a media release by the company says, "The large container vessels are critical strategic assets in the supply chain of our customers, particularly now as the Asia-US trade continues to grow and capacity remains constrained due to recent economic down turn. The new vessels will meet the growing customer demand and ensure cost saving for the shippers due to economies of scale."

Adding tonnage to the global container fleet, PIL's *Kota Lumba*, a 4,253-TEU mega vessel will join the Europe-Asia service. North Europe-Asia Service will also be served by Mediterranean Shipping line owned, 14,000-TEU vessel *CPO Genova* and *MSC Melatide*.

The new deliveries are expected to curtail lead delivery times. However, the question remains as to what would be the quantum of dividend in terms of cost savings the vessels are expected to bring for exporters. Based on law of averages and the given sizes of the jumbo ships, cost of operation is expected to remain constant. This is despite mammoth volumes of containers the vessels would carry. Cost of operation is expected to remain constant as the mega vessels would be operating on cutting-edge technology. This involves electronic injection engines, which reduce bunker fuel and oil consumption while enabling the vessel to operate at eco speed, thereby reducing carbon emissions. Advanced technology in the vessels also means that they can operate on reduced manpower.

Quoted

CSAV placed a firm order for two 8,000-TEU container ships. The Chilean carrier, which Alphaliner ranks as the world's seventh-largest carrier by capacity, contracted with Samsung Heavy Industries for the vessels, which are scheduled for delivery in June and July 2012.

However, the main concern is that the mega container vessels would require extended berths and deeper water draft. *CMA CGM Callisto* is 360 metres long, 45 metres large with a 15.5 metre draft. While *CMA CGM Christophe Colomb* comes with a length of 365 metres, a beam of 51 metres requiring a port draft of more than 15 metres to call on. The mega dimension of these mega vessels would deter them to call at many gateway ports. In India, Nava Sheva Container Terminal and Jawaharlal Nehru Port are short of the facilities required by the new giant vessels.

However, Mundra International Container Terminal and recently set up Vallarpadam International Container Transhipment Terminal at Cochin can accommodate the big ships. However, the flip side is tariff rate of these terminals are dearer than the Tariff Authority of Major Ports controlled government major ports.

This would mean freight forwarders and exporters would have to recalculate their transportation estimates for sending their cargo through the transshipment route as usual to avail the services of these new big vessels. This is expected to keep tariff costs constant or up for the shipper as sent through the transshipment route.

Nonetheless, market conditions are expected to determine the tariff levels from these vessels. Mismatch in supply of tonnage in face of higher container volumes can push up rates. On the other hand, higher tonnage availability and lesser cargo load can push down tariff levels.
Tariff levels would also be determined on the container volumes received by the vessels and the commensurate mix of the weight and volume ratio vessels can take in their container slots. There has to be a judicious mix of the same by the vessels to keep the operation cost in check, so as to yield healthy profits and equally pass on cost benefit to exporters.

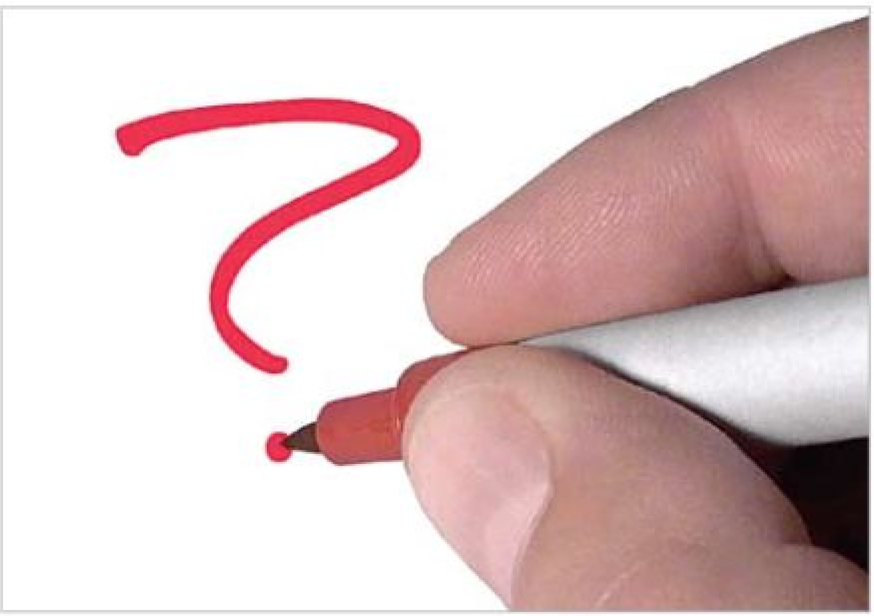
Financial health of the shipping lines is also expected to determine tariff levels. It would be needed to be seen how long vessels can sustain their losses. Recently, container vessels globally, more precisely those on Europe-Asia and US-Asia routes hiked tariff at a range of US$ 40-US$ 200 for 40-feet and 20-feet containers to make up the mounting losses in face of global economic slowdown in trade. Quantum of cost benefits which the bigger vessel lines are able to pass to exporters would also depend on prevailing port charges, fuel charges and dry docking costs.

MG

Direct Taxes Code Bill, 2010

Tax Issues for FSCs

Nikhil Rohera and **Faizan Nursumar** take a close look at some specific DTC provisions which could impact Foreign Shipping Companies (FSC) doing business in India.



The Direct Taxes Code along with a discussion paper was first released for public comments in August 2009. After taking into account recommendations from various bodies and forums, the Government released a revised discussion paper on the Direct Taxes Code in June 2010 capturing several important changes and concessions therein.

30 per cent

Applying the tax rate of 30 per cent (applicable to an FSC) proposed in the DTC, the effective tax rate works out to 3 per cent on 'transportation charges'.

Thereafter, the Direct Taxes Code Bill, 2010 (DTC) was placed by the Finance Minister before the Parliament on August 30, 2010. As per the Bill, the DTC is now stated to come into effect from April 1, 2012.

Computation of shipping income

Increase in presumptive rate

Under the Income-tax Act, 1961 (IT Act), FSC are governed by presumptive basis of taxation. The taxable shipping income of FSC is deemed at 7.5 per cent of the export freight earned (wherever received) and the import freight (only if received in India). Tax @ 42.23 per cent on this deemed income is thereafter levied which works out to an effective tax of 3.17 per cent on the above freight.

The DTC now proposes to increase this rate of deemed income to 10 per cent of 'transportation charges' as against the present basis of 7.5 per cent of certain freight. Applying the tax rate of 30 per cent (applicable to a foreign company) proposed in the DTC, the effective tax rate works out to 3 per cent on the 'transportation charges'.

The computation mechanism for the above is prescribed in the Fourteenth Schedule of the DTC. Surprisingly, Clause 2 of this schedule provides that the above deemed profits computed @ 10 per cent is to be further increased by the excess of actual profits earned over deemed profits. In other words, this seems to suggest a shift from presumptive basis of taxation to a taxation based on actual profits earned by FSC, in case actual profits are higher than deemed profits. The intention behind such an ambiguous provision is not clear and may lead to controversies which existed prior to the presumptive tax regime.

Definition of 'transportation charges' rationalised

The definition of 'transportation charges' has been crafted in a wide and inclusive manner. It includes both time charter as well as bareboat charter income. Further, the definition also takes into consideration the business peculiarities of the shipping industry and provides that any income from slot charter, space charter or any similar arrangement will also be regarded as 'transportation charges'. This is certainly a welcome relief and should put to rest the ongoing litigation faced by many FSC under slot arrangements. The definition also suggests that a related carriage on any other mode of transport (other than ships) will also be covered suggesting that 'inland haulage charges' income will also be part of 'transportation charges'. This again is a welcome clarification.

Fertiliser pricing and subsidy misuse: Major Challenges Ahead
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While the definition of 'transportation charges' provided in the earlier DTC released in 2009 included import freight collected outside India, the new DTC has done away with such anomaly in the definition. However, surprisingly, the scope of total income of a foreign company continues to include even import freight collected outside India. The said anomaly could give rise to disputes on the already settled position in India for decades. Clearly, taxing import freight, received outside India should not be the intention of legislature and suitable amendment is required to remove this anomaly before the Bill is finally enacted.

Withholding tax on transportation charges

Presently, freight income receivable by FSC is arguably not subject to withholding tax by the Indian shippers. This position stems from a circular issued by the Central Board of Direct Taxes and is thus widely accepted and recognised.

Quoted

TAs a transitory measure, we are willing to accept a dual-rate structure that could eventually lead to a model GST regime. To evolve a consensus, we have revised our position to accommodate the concerns of the state governments. The model GST regime will be able to adopt a single rate structure, which is common for goods and services.

Pranab Mukherjee
Union Finance Minister

Under the DTC, Clause 200 lists down certain payments which shall not be subject to tax deduction at source. However, payment of 'transportation charges' to FSC or their Indian agents is not covered by Clause 200.

The Fourth Schedule of DTC prescribes the rate of withholding tax, inter alia, on payments to non-residents. However, there is no specific withholding tax rate on payment of transportation charges. As such, it would transpire that the residuary rate of 30 per cent would also apply to transportation charges.

It would be advisable that a similar clarification is built into the DTC provisions to the effect that transportation charges are not subject to withholding tax, so that the FSC do not suffer any tax, especially if their entire income is exempt under the relevant Tax Treaty.

Concept of 'occasional' shipping business continues

Clause 170 of DTC provides for administrative compliances required to be complied by FSC, like filing vessel-wise Port Clearance Certificate, filing of vessel voyage return. The scope of this proposed section is similar to section 172 of the IT Act, i.e. it applies only to FSC engaged in 'occasional' shipping business.

Further, Clause 170(8) of DTC provides that any tax paid by an FSC engaged in occasional shipping business will be treated as 'advance tax'. The effect is that in case of any shortfall or excess of advance tax payment, the FSC becomes liable to pay / receive interest from the tax authorities on such shortfall / excess.

Interestingly, the DTC provides that a voyage assessment order passed under Clause 170(4) is appealable before the appellate authorities. This proposal, once enacted, will put to rest the ongoing controversy faced by FSC regarding non-appealability of voyage assessment orders passed under section 172 of IT Act.

Introduction of Branch Profit Tax (BPT)

In addition to normal corporate tax, an additional tax called BPT (of 15 per cent) is proposed to be levied on post-tax profits attributable to a Permanent Establishment (PE) or immovable property of the foreign company in India. It is possible that the tax authorities could argue that Indian shipping agents of FSC constitute a PE in India and, accordingly, applicability of BPT may also be alleged. In that case, the effective rate of 3 per cent could rise up to 4.05 per cent of the freight collections.

Having said that, several FSC may claim a full tax exemption in India wherever a favorable Tax Treaty exists between India and the FSC home country, e.g. Singapore, UK etc. Even in such cases, one cannot rule out the possibility of the tax authorities alleging a levy of BPT especially since BPT is stated to override Tax Treaty provisions. As a counter, FSC may contend that once a Tax Treaty benefit is available, the income of FSC does not form part of total income itself and hence BPT cannot be triggered.

Certainly, it would be desirable that the issues surrounding applicability of BPT are clarified so that it will help the FSC determine their cost of doing business with India.

The Code is a brave attempt of the Government to replace existing five-decade old IT Act. Although, the stated objectives of the Code are simplicity and avoiding litigation, there can be no doubt that certain provisions of the Code concerning taxability of FSC in India need immediate clarification. It would be helpful if some of the issues are sought to be resolved in the near future when the Standing Committee of the Parliament will present its report on the DTC finalisation. MG

Nikhil Rohera *(nikhil.rohera@in.pwc.com) is the Executive Director and* **Faizan Nursumar** *(faizan.nursumar@in.pwc.com) the Manager –Tax and Regulatory Services in PwC India.*

by
Susenjit Guha

Fertiliser pricing and subsidy misuse

Major Challenges Ahead

India is the second largest consumer of fertiliser in the world and farmers are dependent on subsidies offered by the government for better yields.

The continuation of the implementation of the Nutrient-based Subsidy (NBS) scheme for potassic and phosphatic and complex fertilisers in 2011-12 with subsidy cuts in place will affect the end user, but according to Satish Chander, director general of Fertiliser Association of India, India should exercise leverage over international suppliers.

Chander said in an interview to a business news channel, "If we don't buy, where will they sell? So, we can test international markets because the prices, which are increasing, are not because of high cost of production. They control the raw material also. So, it is margins which are going up. They want to make more and more money out of it. Nothing to do with cost of production."

As a major buyer, India needs to exert influence and test the market to ensure that its farmers get fertiliser at the same rate.

Chander felt that India could exert pressure on the international fertiliser market by emulating the strategy employed the US and Pakistan – minimise the use of fertilisers, especially di-ammonium phosphate (DAP), for few months in a season without any resultant change in the productivity. Without applying DAP for few months, the US managed to produce record levels of corn in 2008 and 2009, while Pakistan enjoyed record wheat production.

Urea policy needs clarity

However, the association expects more clarity from the government about the urea policy which has also come in for flak from several Left parties. India needs to import 6-7 million tonnes of urea each year to offset the annual consumption shortfall of 27million tonnes. India produces 22 million tonnes of urea each year.

Of the total imports, prices of 2 million tonnes are fixed on a long-term basis, but the prices of

More Takers for Seawater Lubricated Stern Tube Bearings
page no. 60

remaining 4 million tonnes fluctuate depending on the market conditions. The association is of the opinion that India, being a major importer of fertilisers, should control the supply source to lower the prices and check international buyers who are exploiting the market demand to increase their margins. The government should ensure that the price difference between the import cost and the prices paid by farmers remains low.

Chander reiterated that providing adequate subsidies for the benefit of the farmer was the prerogative of the government though it depended on farmer price, international prices and margins. However, he felt that the government should, at the same time, exert pressure on the international markets.

The Department of Fertilisers (DoF) has been criticised for being at odds with the ground reality while arriving at a proper fertiliser policy. The critics alleged that the department has never taken into account the interests of local manufacturers and farmers, especially for phosphatic and nitrogenous fertilisers, while formulating the policies.

The problem is also compounded by the fact that prices are not calculated on the basis of input costs and incidental expenses by fertiliser manufacturers in India. The reason why imported urea is cheap is that the pricing cannot be arrived at judiciously. Urea plants in India run on naphtha, gas, furnace oil among others, and the technology is outdated. Costing can be very cumbersome and the final price will ultimately impair the profitability of one manufacturer or the other. The DoF has opposed the decontrol of urea prices primarily because they want to have a modified new pricing scheme (NPS), in the form of NPS III in place.

> The government has decided to include junior fertiliser minister and Congress member of Parliament Srikant Jena in the group of ministers (GoM) constituted to find ways to deregulate the price of urea.

DoF has agreed to two recommendations of the finance ministry to de-canalise the import of urea –presently restricted to MMTC, STC and Indian Potash Limited (IPL) – and open it up for other players to import under an open license, but with limited decision-making ability towards fixing the selling price, keeping in mind the interest of the farmer. Manufacturers would not be able to raise more than 10 per cent of the MRP fixed by the government. Private players will be functioning within a limited area while importing and selling urea.

A note has been sent for approval at an inter-ministerial meeting to be held on the issue shortly.

Freeing urea prices also runs the risk of allowing a free run while determining a fair price, keeping in mind the interests of diverse manufacturers as well as farmers. As a result, it will be an uphill task for the plants to fix their individual selling price even within the 10 per cent band.

The price of urea was raised by 10 per cent this February from ₹ 5,310 a tonne from ₹ 4,830. The amount that was foregone on account of fertiliser revenue in 2009-10 was ₹ 8,010 crore, close to half compared to last year.

Lower rates in NBS scheme

The government has also recently announced that it would implement the Nutrient Based Subsidy (NBS) scheme at rates that are lower than last fiscal.

The NBS for nitrogen has been cut down from ₹ 23.22 per kg to ₹ 20.11 per kg and the subsidy rates will also be brought down by 15-18 per cent.

Fertiliser manufacturers are of the view that they work on very thin margins and the ₹ 2,000 per tonne total subsidy impact may not be possible to be recouped. It is too early to predict the consequences and they may have to wait and watch before figuring out the decrease in raw material prices or an increase in product prices.

The domestic production of fertilisers in all sectors has been estimated at 10.57 million tonnes of urea, 2.17 million tonne of Di-Ammonium phosphate (DAP) and 4.4 million tonnes of Nitrogen, Phosphorus and Potassium (NPK).

Earlier, the demand and supply gap for the Kharif session was 4.82 million tonnes of DAP, 3.2 million tonnes of urea, 3.24 million tonnes of Muriate of Potash (MoP) and 0.5 million tonnes of NPK.

Subsidised MoP is smuggled out

The import of last item, MoP, has come in for much abuse in recent years. The requirement of MoP is entirely met by imports through canalised agencies with a subsidy of as high as 85 per cent provided by the government to keep the farmer's interest in mind.

Quoted

The Government is encouraging production of organic fertilisers by providing financial aid under the National Project on Organic Farming, National Horticulture Mission and National Project on Management of Soil Health and Fertility. Financial assistance is also available for organic fertilisers under Rashtriya Krishi Vikas Yojana.

K V Thomas
Minister of State for agriculture, consumer affairs, food & public distribution

Sector Watch

Despite MoP being vital for better yield and for ensuring a decent financial return to the farmer, unscrupulous traders re-export it to other nations – who do not enjoy similar subsidies – after re-packaging them as bentonite powder, feldspar and quartzite powder.

Directorate of Intelligence officials had nabbed several consignments at Kolkata and Chennai ports and has estimated the subsidy loss to the government at several thousand crores of rupees each year.

The common smuggling practice starts with import of the MoP from Dubai and then, changing the packaging seal for export to neighbouring countries as well as parts of SE Asia. The illegal trade is being carried out by a racket spread across India and the Middle East as the primary source of MoP is Russia and Turkey. The MoP is also sold to complex fertiliser manufacturers who enjoy 50-60 per cent subsidy. The smuggling of MoP is happening due to lack of proper guidelines on monitoring the use by actual users according to the 1985 Fertiliser Control order which is clear about its distribution, but silent on the former.

Racketeers are nabbed and charged, but they use the loopholes of the law to get away by exercising influence at the right levels, according to sources in the intelligence agencies. This is serious as India will continue to depend on imported fertilisers to fill the demand and supply gap.

According to Union Minister of State for Chemicals & Fertilisers Srikant Jena, "The gap between requirement and indigenous production is met through imports." India, with its high consumption, is poised to play a dominant role in determining international prices in the long run.

Ghana is also depending on India for manufacturing fertilisers from by-products of the emerging oil and gas industry, according to the Deputy Minister of Food and Agriculture in-charge of crops, Yaw Effah-Baafi. Ghana required 8 kg of fertiliser per hectare compared to 20 kg in Sub-Saharan Africa, 109 kg in South Asia and 99 kg in South America.

The Government of India will have to strike a balance between sustainable profitability for complex fertiliser manufacturers and provide farmers affordable rates for ensuring a better yield each year for continuous financial stability while checking the misuse of vital ingredients. MG

National Maritime Foundation

CII
Confederation of Indian Industry
Since 1895

NIOT

India Maritime Technology Conference (IMTC) 2011

IMTC 2011

Confederation of Indian Industry (CII) in partnership with the National Maritime Foundation (NMF) and in association with National Institute of Ocean Technology (NIOT) is organizing the first ever two day conference on India Maritime Technology Conference (IMTC) 2011 on 21-22 January, 2011 at NIOT Campus, Pallikarani, Chennai, India.

Theme: Sharpening India's Sea Vision
Date: 21-22 January, 2011
Venue: NIOT Campus, Chennai, India
Features: Two-day Conference & Exposition

Objective

- Explore: Get acquainted with the state of the art in maritime technology.
- Expose: Show your strengths in the maritime field.
- Engage: With potential partners both from India and abroad.
- Execute: Enter into appropriate collaborative agreements.
- Expand: Widen your scope of activities in the booming maritime sector in India.








Sessions

- Ship Building & Ship Repairs: Induction of state of the art technology in ship design, manufacturing processes, advancements in materials and repairs.
- Maritime Systems, Equipment & Integration: Radar, sonar, main propulsion, auxiliary machinery, platform management, etc.
- Development of Ports & Harbours: Efficiency improvement, supply chain and logistics management
- Maritime Sector – Human Resource and R&D Needs: Engineering institutions in producing world class marine engineers, technologists and technicians; incubation, entrepreneurial development.
- Futuristic Design of Offshore Wind Mills:
- Maritime Security and Surveillance
- India Maritime Technology Colloquium

Target Audience

Ship-building, ship-repair, shipyard industry, dockyards, ports and Harbours • Dredging organisation • Marine Equipment & Technology • Port Equipment & Technology • Shipyard Installation / Ship Operations Equipment • Cargo, Material Handling Equipment & Systems • Electronics / Communications related to marine Industry • Offshore Technology • Navigational Equipment & Aids • Propulsion Systems & Drives • Corrosion Technology & Services • Maritime consultants & services • Academia and others having a major stake in the maritime affairs • Major Oceanographic R&D Laboratories / Institutions

Gp Capt L V Mohandas (Retd), Head IT & Internal Security, Confederation of Indian Industry
Tel : + 91-44- 42444512 Fax: + 91-44- 42444510; Email : mohandaslv@cii.in

Commodore S Shekhar, I.N (Retd), Regional Director, National Maritime Foundation, Chennai Chapter
Telefax : + 91 44-43060673; Email : nmf.chennai@gmail.com

Seawater Lubricated Stern Tube Bearings

More Takers for New Solution

Over 600 cargo vessels have gone for seawater lubricated stern tube bearings over traditional oil lubricated bearings. BP Tankers, Seaway Marine Transport, US Gypsum Company, Flinter and Algoma Central Corporation have incorporated such bearings in their vessels. Propulsion integrators such as Rolls-Royce, Berg, MAN and Wärtsilä are following suit.

Manfred Riess, technical superintendent of Scanscot Shipping Services, chose not to leave the choice of the stern tube technology for the company's two most recent newbuildings to the propulsion integrators or shipyard. He selected Thordon Bearings' Compac seawater lubricated stern tube bearings over traditional oil lubricated bearings, multi-lip seal systems and alternative biodegradable oil-lubricated seals, primarily for environmental reasons.

50 time more elastic is the bearing than white metal and three times more compliant than other common non-metallic propeller shaft bearings.

Hamburg-based Scanscot Shipping Services owns a fleet of special project cargo vessels designed for heavy and roro project cargoes. The vessels can carry conventional cargo in the hold or can be converted to take project cargo. They are fitted with two large deck cranes, a smaller hydraulic boom crane and a roro ramp at the stern.

They are the first large commercial vessels built in Germany that have been fitted with Thordon Compac seawater lubricated bearings, a proven technology. "We go into American waters, for example, and now we have no oil in our system. It is nice and the first reason why we chose it – to protect the environment," Reiss says.


Thordon Compac seawater lubricated propeller shaft bearings

Last year, new US Environmental Protection Agency rules targeted oil lubrication discharges from stern tubes and the new requirements carry civil and criminal penalties for violations. Meanwhile, in Europe, the 2007 European Union Maritime Policy specifies the elimination of all vessel discharges into the marine environment by 2020.

Stern tube seal problems have largely been accepted as routine in shipping. Seals can easily be damaged by fishing nets or mooring ropes. Oil leaks either into the bilge or into the ocean are considered part of normal operation and the volume can increase if aft seals and associated running surfaces are worn. The consequence of these problems is expensive call-outs to seal repair companies.

An extreme case of the consequences of seal failure passed through the Louisiana criminal court in June this year. A ship operator was prosecuted for oil pollution caused by failures in their oily water separator and their stern tube. The oil on the vessel in question was leaking from the stern tube to such an extent that the engineers had to add 400 litres of oil after each four hour shift. The company will pay a US$ 700,000 criminal penalty, a US$ 525,000 fine and a separate US$ 175,000 community service payment to the National Fish and Wildlife Fund to be used for funding habitat conservation, protection, restoration and management projects.

Although an extreme case – port suspensions are more typical for minor regulation breaches – taken as a whole, the world's merchant fleet is responsible for an estimated 80 million litres of oil pollution caused by oil lubricated stern tube bearings a year, about twice that released by the *Exxon Valdez* in 1989.

"Typically, a stern tube contains 1,500 litres of oil with classification societies allowing for six litres of oil leakage per day. However, the requirements in MARPOL Annex I relating to the discharge from

Events
page no. 62

oily water separators has become tighter over time, decreasing from 100 ppm to 15 ppm, and it is likely that stricter requirements for stern tube oil pollution could enter into force as shipping comes under increasing pressure to improve its environmental performance," says Ronald Wolff, CEO of Belthor Systems, the distributor of Thordon Bearings in Germany.

Replacing oil with seawater as the lubrication medium involves pumping seawater through Thordon's non-metallic shaft bearings. The seawater enters the forward section of the stern tube just aft of the seal and passes through the forward and aft bearings before returning to the sea. No aft seal is required. "No stern tube oil is needed at all and the proven materials and careful design offers performance on par with metal shaft bearings," says Wolff.

The new bearing wear surface is an elastomeric polymer alloy. To reduce start-up friction and eliminate stick-slip, the formulation of the bearing itself includes special lubricants to provide a low friction co-efficient. The bearing is 50 times more elastic than white metal and three times more compliant than other common non-metallic propeller shaft bearings. To promote formation of a hydrodynamic film between the shaft and bearing, the lower, loaded portion of the bearing is smooth while the upper half of the bearing has grooves for flow of the water lubricant/coolant.

Due to its elastomeric properties, the bearing tends to deflect and then reject small abrasive particles, allowing them to be flushed through without becoming embedded. However, a Thordon Water Quality Package can be used in conjunction with the bearings to remove abrasive particles from the seawater greater that are greater than 80 microns (0.003 inches) with a specific gravity of 1.2 or higher. This ensures a long wear life for the bearing. Water is supplied from the package at a minimum flow rate of 0.15 litres/minute/mm (1 US gallon/minute/inch) of shaft diameter.

A high-quality shaft liner is an important component of the new system. Thordon recommends that they should be good quality, centrifugally cast bronze, stainless steel or Inconel alloy. Weld clad Inconel is also acceptable subject to classification society rules.

The package can be combined with Thordon's two-part epoxy shaft coating, Thor-Coat, to provide corrosion protection for the shaft. The coating is at least three times more flexible than other products. MG

NISAA at 25

Forum brings together bigwigs

The Northern India Steamer Agents Association (NISAA) celebrated its silver jubilee amid fanfare at the Le Meridien, New Delhi, recently. The entire NISAA fraternity, including its members, current executive committee and the past office-bearers, were present. The chief guest of the evening – Secretary, Ministry of Shipping K Mohandas – released a special souvenir titled 'Silver Streak' commemorating 25 eventful years of NISAA.

Speaking on the occasion, he said the evolution and growth of the logistics industry till now has been quiet impressive and technology will play an important role in leading this industry further. He observed that infrastructure set-up has to be improved commensurate with the growth of the maritime trade in India. "This has been one of the major focus areas of the government," he said. "Concerted plan and coordinated efforts are required from both the industry and the government to address the issue of higher logistics costs in India," he added.

Bigger rakes to ease congestion

The evening also witnessed a power-packed panel discussion on the theme 'Infrastructure Development for Seamless Supply Chain at Hinterland'. Panelists – H D Gujarati, Executive Director, Traffic Transportation (S),

Ministry of Railways; P N Shukla, Director (Ops & BD); Anil Gupta, MD, CONCOR; B B Pattanaik, MD, CWC; Capt Sandeep Mehta, CEO, Adani Logistics Ltd and Capt Sanjeev Rishi, Advisor to ICD Loni – came up with their insights on the subject.

Capt Ram Ramachandran, President, NISAA moderated the discussion. He opened the debate with his remarks on how the maritime industry would shape by 2035 – the golden jubilee year of NISAA. Capt Rishi emphasised the need to have alternative ports,

in addition to the existing major ports, with a strong coastal shipping infrastructure and connectivity. Capt Sandeep Mehta said the trade will experience severe port capacity congestion from 2012 as the container volumes are picking up steadily. He said the JNPT, which faces draft issues, will become a feeder port by 2020 and other ports like Mundra and Pipavav

will transform themselves into hub ports. Shukla detailed about the entire project of dedicated freight corridors coming up in the country and said there will be 30 to 40 per cent of reduction in transportation costs once the DFCs commence operations.

Responding to Capt Ram's question on port congestion at JNPT, Gupta said JNPT still has rail handling capacity of nine more rakes per day that can take

the current capacity of 17 rakes to 26 rakes per day. He also commented that collective efforts are required to address and solve infrastructure issues on hand. Gujarati provided insights into the plan of the Indian Railways. He explained that a plan is underway for running 90 flat wagons in a single rake unlike the current 45 wagons

between ICD TKD and JNPT. With this, the carrying capacity will be doubled and a single rake can carry a maximum of 180 TEU. He said technical issues of accommodating bigger rakes at ports and ICDs are being worked upon and such rakes will be ready to ply on this route in the next four months. All in all, the forum came up with a few interesting ideas and opinions.

CSCMP Annual Conference

Managers discuss latest trends

The Indian contingent at the CSCMP conference.(Inset) Rick Blasgen - CEO CSCMP and Anshuman Neil Basu - President, Mumbai Roundtable.

More than 3,100 logistics and supply chain professionals from 41 countries participated in the Council of Supply Chain Management Professionals (CSCMP) Annual Global Conference 2010 held in the San Diego Convention Center recently.

The conference organised numerous seminars on subjects ranging from transportation, warehousing, outsourcing, tactical and strategic approaches, software and other technology, public-policy issues. CSCMP offered participants access to its premium educational content and gave away its Distinguished Service Award to Charles L Taylor, founder and principal of Awake! Consulting for his contribution to the art and science of supply chain and logistics management.

The Doctoral Dissertation Award was given to Matthias Ehrgott, Assistant Professor of International Business & Supply Management at WHU – Otto Beisheim School of Management, Germany, for his 'Social and Environmental Sustainability in Supplier Management — A Stakeholder Theory Perspective on Antecedents and Outcomes'.

The trade show organised alongside saw participation from more than 100 companies in more than 100,000 sq. ft. Themed 'Supply Chain of the Future' , it was an interactive display of supply-chains in action, where one could see the technologies, processes, and solutions provided by companies in the supply-chain business.

The participants also took a trip to PETCO Park, a premier sports facility and home to the San Diego Padres, built in 2004. A trip to the San Diego International Airport helped gain an insider's understanding of the airport's operations, including cargo sorting, safety systems, air and ground traffic control. The other tour was to the US Aircraft carrier and warship USS Nimitz to see the navy aircraft carrier up close and personal.

Anshuman Neil Basu, President of CSCMP's Mumbai Roundtable, said, "After four days of intense, interactive education and networking opportunities, we enjoyed the conference and could take away valuable information and ideas from what was truly a once-in-a-year kind of supply-chain event. Be it any topic – global sourcing, supply-chain metrics, sustainability, new trends and technology – I find it all here."

The general session speaker, Carlos M Gutierrez, Former Secretary of the US Dept of Commerce and Former CEO and Chairman of the Board, Kellogg Company, spoke on 'Mastering the New Economic Realities'.

An interesting presentation was given on the concluding day by Jack Bacon, PhD, P Eng, NASA Scientist and futurist, on the topic: 'Nonlinear Thinking for the Nonlinear World'. Bacon has been involved in the development of cutting edge technologies, including controlled thermonuclear fusion, factory automation, and the globalisation of business. Bacon is overseeing the construction and operation of the International Space Station (ISS).

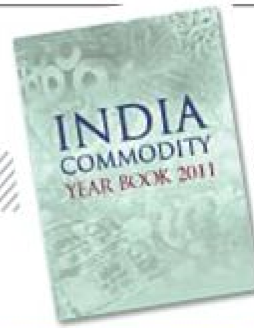
His presentation threw light on the forces that cause revolutions in society, including shifts in economics, transportation, demographics, and other social measures. His dynamic presentation examined the state of the global supply chain, and revealed where the next trend may take us.

CCHAA calls for better infrastructure

The Calcutta Custom House Agents Association recently held its annual general meeting in Kolkata. Speaking on the occasion, its President Dhiraj Chaturvedi said the biggest challenge in India is the slow pace of infrastructure development, particularly in logistics. "We are concerned about this and we have held meetings with the authorities for improving the efficiency and implementation of suitable measures," he said.

Union Minister of State for Tourism Sultan Ahmed was the chief guest. Kolkata Port Trust Chairman M L Meena, Deputy Chairman Ajey Ranade, Consul General of Nepal in Kolkata Suresh Man Shrestha, Chief Commissioner of Customs M S Badhan, Commissioner of Customs (Port, Airport & Admn) S Subraminan, Director of Airports Authority of India-NSCBI Airport R Srinivasan were present on the occasion.

India Commodity Year Book 2011



NCMSL releases publication

NCMSL, India's leading player in warehousing and collateral management, released the **'India Commodity Yearbook 2011'** edited by Sanjay Kaul, MD and CEO of NCMSL. The detailed publication on commodities is aimed at giving its readers exceptional insights on the commodity market, the data for the last 10 years and the expectations for the current and the next year.

The yearbook has an innovatively and reader friendly compiled database and articles authored by thought leaders and experts in the commodity domain. The idea is to deliberate on issues related to the healthy development of the market and identifying opportunities in the commodity market in future.

Sanjay Kaul, MD & CEO of NCMSL releasing the India Commodity Yearbook 2011 (inset).

The book was released by Sanjay Kaul, MD & CEO, NCMSL. Shyamal Gupta, CBO, NCMSL, K Sankaranarayanan, Head – Risk, Compliance & Technology, M S Annigeri, Advisor - Business Strategy and Dr Hanish Kumar Sinha, Head - Commodity Research, NCMSL along with other eminent dignitaries were present on the occasion.

Commemoration at Chennai

ICS celebrates Annual Day

The Institute of Chartered Shipbrokers, Madras branch, celebrated its Annual Day at Chennai recently. Capt Sainath, State Port Master, Tamil Nadu Maritime Board presided over the function. Chairman S Sankaran and Vice-Chairman Capt K G Ramakrishnan delivered the address followed by branch report presented by Secretary Capt R Venkat. Certificates and medals were distributed to 28 new members.

State Port Master of Tamil Nadu Maritime Board Capt Sainath, Chairman S Sankaran, Vice-Chairman Capt K G Ramakrishnan and Secretary Capt R Venkat at the Institute of Chartered Shipbrokers Annual Day celebrations in Chennai recently.

Events

Trade promotion

TCC signs MOU with China council

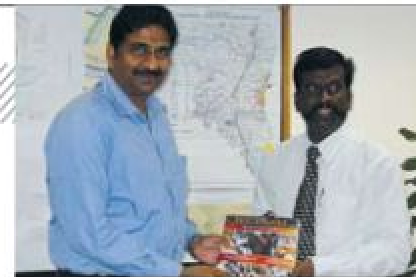
Tamil Chamber of Commerce President Chozha Naachiar Rajasekar shakes hands with China Council for the Promotion of International Trade Chairman Liu Fanghui during the signing of the memorandum of understanding between the two trade bodies in Chennai recently.

The Tamil Chamber of Commerce (TCC) and China Council for the Promotion of International Trade (CCPIT) of Shandong sub-council signed a memorandum of understanding in Chennai recently. The agreement valid for three years was signed by TCC president Chozha Naachiar Rajasekar and CCPIT chairman Liu Fanghui. It called for creating an optimum business environment and promoting business interests at the international level.

Speaking on the occasion, former Policy Advisor to UN (FAO) B S Raghavan said the MOPU blazed a new trail for other chambers to follow. India and China should expand and include high-value items in their trade baskets to triple the bilateral trade in the next five years.

The composition of exports and imports is lopsided because India exported low-value items such as iron ores, slag, coal, ash and cotton yarn, he noted. "India's export list should include financial services, information technology-enabled services, construction and engineering, pharmaceuticals, agro production, education, entertainment, tourism, health and transport as the potential for it in China was huge," Raghavan added.

Rajasekar said they would provide information and advisory services on how to do business in Tamil Nadu, exchange trade statistics, organise trade missions, seminars, business match-making and training to tap on market potentials of Tamil Nadu and China.



TCC President Naachiar presenting a copy of the TCC Digest to Krishnapatnam Port CEO Anil Yendluri.

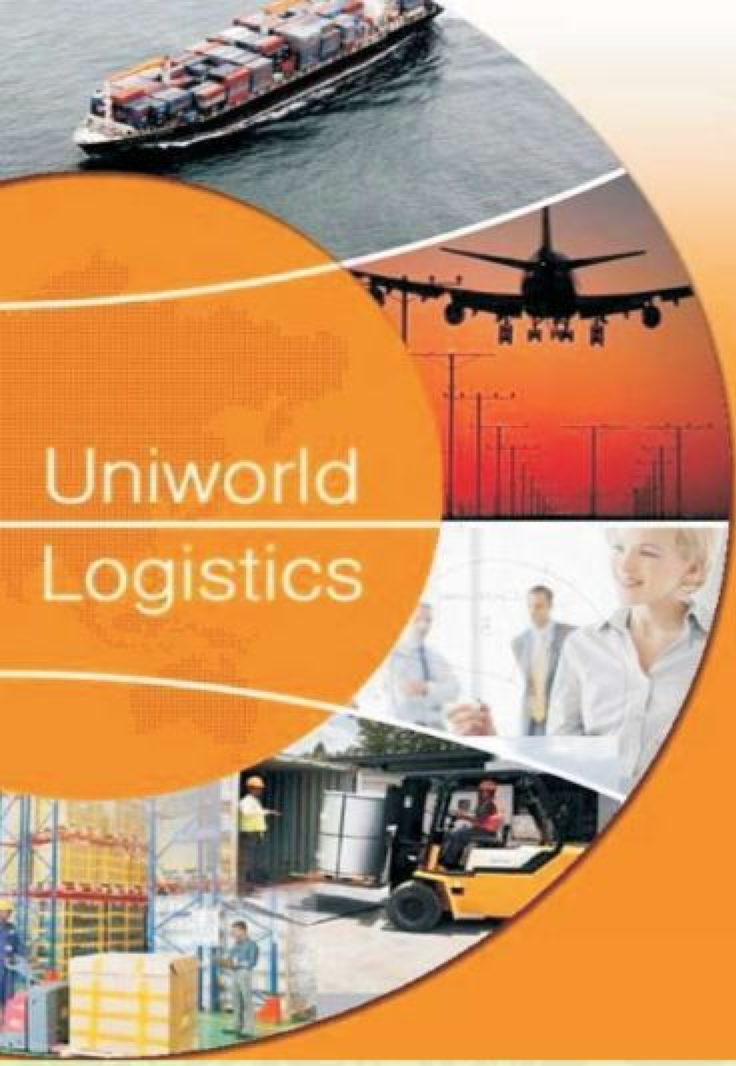
KPCL Visit

The Tamil Chamber of Commerce team, led by its President Chozha Naachiar Rajasekar, visited Krishnapatnam Port recently to study the infrastructure facilities available at the port and upcoming industries.

The team interacted with port executives. Port Chief Executive Officer Anil Yendluri explained the future plans of the port and the general trends in shipping trade. The customer service delegation headed by Sasidhar took the TCC members to the port terminal site and showed the various berths dedicated to different cargo and coal handling facilities, railway sidings and warehouses.

CEO of the Year Award

Managing Director of Sical Logistics L R Sridhar (centre) receiving the CEO of the Year award from Anshuman Singh, MD & CEO, Future Supply Chains Ltd and Barry Elliott, MD of ABf1Consulting at the 4th Express Logistics & Supply Chain Conclave '10 held in Mumbai.



Uniworld Logistics

Total Logistics Solution

Uniworld Marches Ahead in 2011

"Uniworld Logistics Private Limited the company which specialised in freight forwarding and Total Logistics solutions , having 35 offices in 10 countries ,launched its warehousing and distribution services in February 2009 with the unique concept of Uniworld Integrated Logistics Park (UILP) in, Sipcot Industrial Area, Irungattukottai, Sriperumbudur, Chennai, to serve its customers better. The park is spread across 22 Acers of land with an Internal Container Depot , Bonded ware house, General Warehouse and Temperature controlled ware houses to give its customers the best of both bonded and general warehousing under one roof. The facilities are designed as Green facilities keeping the current environment norms with all Safety and Security measures implemented to world standards. The customers are benefited with Bonding , De-bonding ,customs clearance and value addition services like storing, sorting, kitting, repacking and distribution under the same roof giving the advantage of time and cost. Uniworld is happy to be a part of the expansion plan of Danfoss India. Currently Uniworld operates 4 such Integrated Logistics Parks in Chennai , Delhi (Dharuhera) , Mumbai (Panvel) and Bangalore (Bommasandra Industrial Estate) offering 1 Million sqft of space to customers."

Recently the top officials of Danfoss were in India to discuss on the growth of Danfoss India. With the market identified and investment plans being discussed, Danfoss wanted a logistics player to support them in their expansion plan. Logistics being the core support area in any market driven plan it was but imperative to choose a partner who understands the Indian market and the laws well to support them in movement of goods so as to reach the customers seamlessly. Who else could have been a better choice than a Home Grown Logistics Company who offers the end to end solution in Logistics. Uniworld Logistics P Ltd was the choice to handle their Complete domestic Logistics (3PL) in India.

Uniworld Logistics

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#225, ST bed Extn., 5th Main Koramangala, 4th Block, Bangalore 560 034, India. www.Uniworld-logistics.com

Executive Diary 2011

APRIL 28-29

India SCM & Logistics Summit

Taj Mahal Palace, New Delhi

India SCM & Logistics Summit scheduled to take place on 28-29, April 2011 February 2010, will discuss subjects related to customising local requirements of infrastructure projects and the development of the global logistics services in the region.

www.maritimegateway.com

JAN 25-26

Middle East Ports & Shipping 2011

Park Rotana Hotel, Abu, Dhabi, UAE

MEED's Ports & Shipping 2011 provides comes out with a unique, targeted platform to mix with peers and customers, and participate in forums and panels. Through three days of tailored content, the conference will assess the region's economic climate and showcase regional and international best practice and project updates on the region's most significant port projects.

www.meedconferences.com/ports

JAN 26-27

Passenger Ship Safety Conference 2011

Millennium Gloucester Hotel, London, UK

The conference, being organised by Riviera Maritime Media, will include a role-playing scenario to simulate a detailed emergency response procedure on board a passenger ship. It will bring together leading experts in passenger ship safety to accurately depict how companies react to a crisis.

www.rivieramm.com/events

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

FEB 23-24

4th Annual Shipping Finance Asia 2011

Carlton Hotel, Singapore

The summit will bring together international shipping and ship-financing experts through a series of case studies, workshops and panel discussions which will gather the valuable solutions that can be applied to day-to-day operations for greater business competitiveness.

www.shipping-finance.com

MAR 01-03

Asian Shipping & Work Boat 2011

Suntec Singapore International Convention & Exhibition Centre

The conference and exhibition for the Asian shipping and work boat industry will showcase the products and services of international workboat companies besides focusing on all kinds of ships and work boats alike including passenger and vehicle ferries.

www.baird-online.com

MAR 07-08

Trans-Pacific Maritime Conference

Long Beach, California

The 11th annual TPM conference will take place against a backdrop of the aftershocks of the 2009-2010 earthquake that shook container shipping and logistics to its foundations. As carriers and volumes recover along with the tepid US recovery, major changes will unfold in 2011 that will receive thorough coverage at TPM.

www.cvent.com

MAR 09-11

Maritime Vietnam 2011

Ho Chi Minh City, Vietnam

Maritime Vietnam is the most comprehensive international business platform encompassing all aspects of ship building, marine services & engineering, port and supply chain management opportunities.

www.maritimeshows.com

MAR 15-17

TOC Asia 2011

Tiajin, China

The TOC Asia 2011 Conference will introduce new themes which aim to discuss and inform the container terminal's role within the full container maritime supply chain.

www.tocevents-asia.com

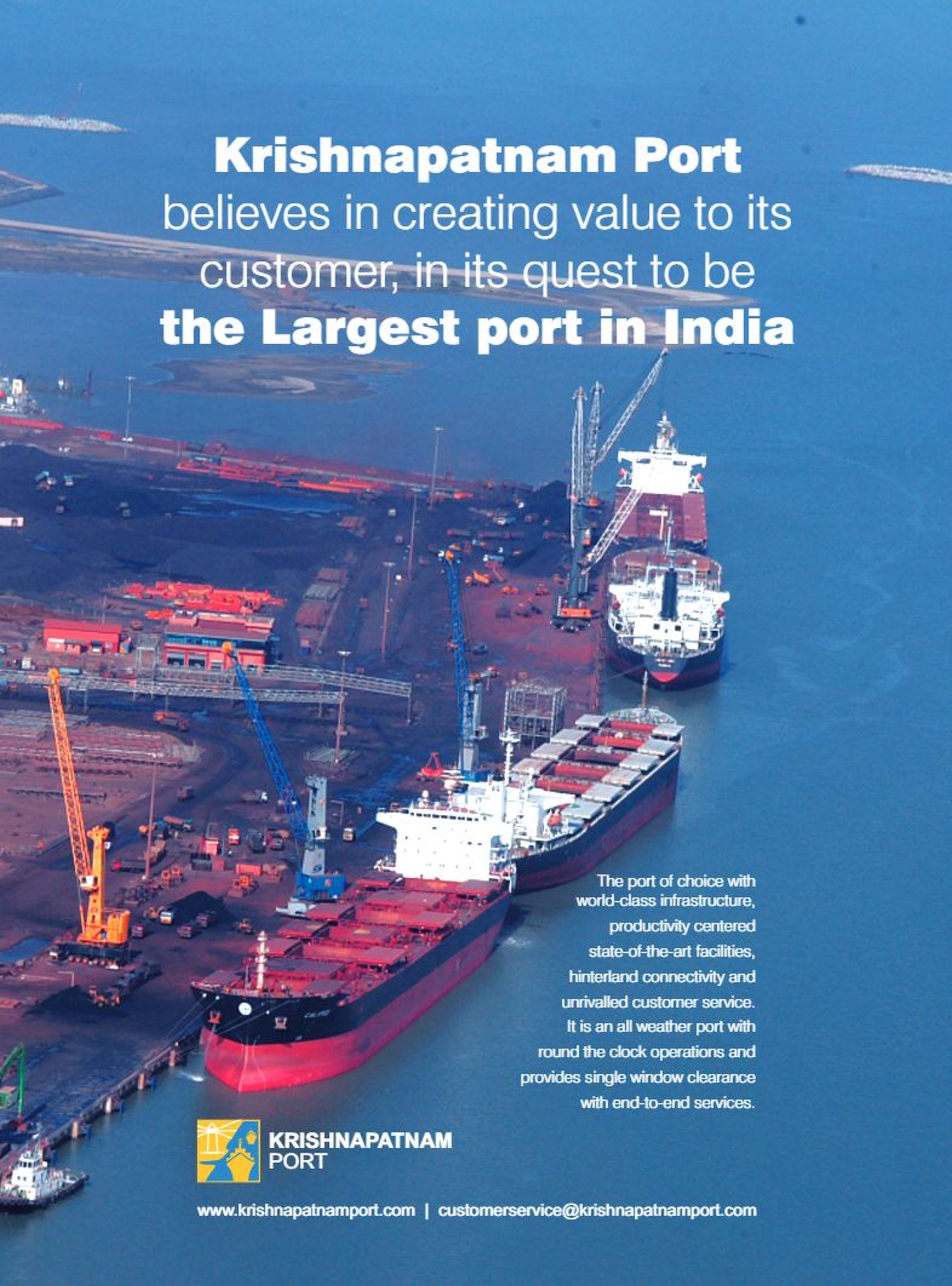
MAY 05-07

6th Southern Asia Ports, Logistics and Shipping 2011 India

Sheraton Park Hotels and Towers, Chennai

The conference will feature more than 35 world-class ports, shipping and logistics business leaders who will analyse latest global container transportation and logistics issues in the Southern Asian region and its impact on global shipping and trade.

www.transportevents.com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The port of choice with world-class infrastructure, productivity centered state-of-the-art facilities, hinterland connectivity and unrivalled customer service. It is an all weather port with round the clock operations and provides single window clearance with end-to-end services.
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