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Looking Beyond Containers

Anil Kumar Gupta, MD, CONCOR
talks about expansion plans



Women are slowly making their mark in a male dominated field. Numbers still may not favour women, but their achievements are not small means



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Energy security and insurance



The first Indian ship to carry crude oil from Iran is scheduled to arrive in India on August 25. Mercator, the shipping company, has insured the ship *MT Omvati Prem* with \$50 million in hull and machinery insurance, which covers physical damage to the ship, from state-owned New India Assurance Co. It has also received another \$50 million protection and indemnity insurance from United India Insurance.

This was possible because the Indian government decided to provide insurance support for ships carrying Iranian crude oil in the aftermath of US-led global sanctions against Tehran, which have been adopted by EU also. As a result, European insurers withdrew their coverage for the ships carrying Iranian oil. Earlier, the European insurers were giving unlimited insurance, as per the damages, against risks like oil spills and collisions.

The ship *MT Omvati Prem* will carry 85,000 metric tonnes of crude oil from Iran for state-owned refiner Mangalore Refinery and Petrochemicals Ltd. While India joins Japan to be in the league of countries offering state-backed insurance, this measure is unlikely to solve the crude oil shortage and import risks faced by refineries especially MRPL, the country's biggest buyer of Iranian crude.

This is because the cover offered by state-owned insurers is very little as against \$1 billion being offered by

European insurers. It is also a far cry from a robust \$7.6 billion per tanker offered by Japan to its shippers. Most Indian shipping lines also do not like the terms of the insurance coverage. So, Mercator was the only company that had participated in a tender floated by the government's ship-chartering department, Transchart, on 30 July. Even the Shipping Corporation of India, owned by the government did not find it feasible to ship crude from Iran under the present insurance terms.

With 17.44 million tonnes of crude oil imported from Iran last year, India is one of the major buyers of oil from that country. And we cannot afford to be part of a global ban and give Iranian crude a miss. While Mercator may have put national interest over commercial feasibility to ship crude this time, the company may not be in a position to do the same in future.

If India were to find a solution to this problem, it has to take measures to widen the insurance cover. The country can also look at innovative strategies to rope in private partners to offer the cover. Considering the strategic importance of crude oil and energy security of the country, the government should take some immediate measures to provide adequate insurance cover to shippers.

Best Regards

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COVER STORY

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WOMEN IN MARITIME RISE UP TO CHALLENGE

Women are slowly making their mark in a male dominated field. Numbers still may not favour women, but their achievements are no small means.



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Gopalpur Port will start operations in March 2013 and cater to the mineral rich hinterland of Orissa, Jharkhand and Chhattisgarh.



Mahimananda Misra,
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Stevedors Ltd multiply the
freight traffic.



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Congestion at ports is becoming a major problem for Indian grain exporters, who were planning to cash in on rising global demand and falling rupee.

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Odisha with its large mineral deposits and long coastline is able to attract private investors in port segment and the new projects will give a boost to the state's share in maritime trade.

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TWO GOOD

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5 ICDs-3 owned,
2 serviced | 1 domestic
terminal



500,000+
TEUs
capacity



24
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Modern
palletised
warehousing



Road
transportation:
270+ trailers



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of cargo



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WW II shipwreck yields \$38M worth of silver - so far: An American salvage company has hauled up 43.5 tonnes of silver from the wreck of the *SS Gairsoppa*, a cargo ship sunk in the Second World War off the west coast of Ireland. More than 1,200 silver bars, worth about \$38 million under current market prices, were recovered from the *Gairsoppa*. The treasure salvaged so far was the heaviest and deepest recovery of precious metals from a shipwreck.

Jindal Steel to buy Canadian coal company

CIC Canadian coal mine developer CIC Energy Corp has agreed to be sold to India-based Jindal Steel & Power Ltd for CD (Canadian dollars) 116 million in cash, more than a year after ending an agreement with JSW Energy Ltd Indian power company JSW in November 2010 offered to buy CIC for CD 422 million, but the deal was terminated about eight months later, forcing CIC to look for other buyers.

Raghuram to join IMU

In what can be construed as a major loss for the Indian Institute of Management, Ahmedabad (IIMA), it has been learnt that Prof G Raghuram has joined Indian Maritime University (IMU), Chennai as vice-chancellor (V-C). Prof Raghuram is a senior professor associated with IIMA for about 20 years and is part of the public systems group at the institute.

Indonesia will not impose export tax on coal

Indonesia's energy and minerals ministry seemed to have decided not to impose an export tax on coal. In May this year, Indonesia's ministry of finance had issued a regulation stating the method for calculating the export tax on 65 metal minerals and non-metal minerals. Coal – both thermal and metallurgical – was not included in that list. But the energy minister Jero Wacik had issued public statements against the imposition of an export tax on coal. If a coal tax is imposed, the government has to deal with complaints of "discrimination" against smaller coal producers who will bear the brunt of an export tax.

Shift in coal imports

The High Court ban on handling of dusty cargo at Chennai Port Trust (CPT) has led to increase in coal imports at Ennore port, which is situated 20 km north of Chennai Port. Further, the coal importers have also moved to other nearby private ports like Karaikal and Krishnapatnam.

Iron ore berth project left in limbo

The future of Paradip Port's build-operate-transfer (BOT) iron ore berth remains uncertain even as environment clearance for the project, the last hurdle, has come after a long wait. Hong Kong-based Noble Group, with which the port authorities had signed a concession agreement three years ago for construction and operation of a 10-million tonne per annum (mtpa) iron ore berth on BOT basis, is believed to have developed cold feet about the project.

Robust traffic growth at Mundra

Mundra and has seen robust traffic growth in the April-June quarter. Despite India's foreign trade dipping during the period, the key ports, operated by listed companies Adani Port SEZ moved more cargo. Cargo throughput at the Adani-owned Mundra Port grew by over 9 per cent, with the port handling 16.3 tonnes of bulk cargo during the period. Coal, crude oil and high-speed diesel imports formed the top sources of revenue for the port.

DP World container traffic up 7.5%

Dubai Ports World has increased its container volume by 7.5 per cent to 28.2 million TEU across its 60 terminals in the first six months of the year on the back of growth in Asia-Pacific and Indian subcontinent region. The Asia-Pacific and Indian subcontinent region was the main driver of this growth, reporting a 12.1 per cent increase in volumes to 13.3 million TEU (twenty foot equivalent units), the world's third largest port operator said in a statement.

The Americas and Australia region increased volumes by 6.1 per cent to 3.3 million TEU as solid growth in the Americas mitigated a more challenging environment in Australia. The Europe, Middle East and Africa region grew 3.2 per cent to 11.6 million TEU, it said.

Non-operational Dredgers

Many of the dredgers belonging to Dredging Corporation of India are non-operational for a variety of reasons. DCI is also unable to recover huge amounts of money due to it from clients such as Sethusamudram Corporation Ltd, Kolkata Port and others, alleges the Non-Executive Employees' Union affiliated to the CITU. The recognised union made the allegation in a petition submitted to the Parliamentary Committee on Assurances which visited DCI as a part of its Visakhapatnam tour.

MSC to partner Adani in new container facility at Mundra port

Mediterranean Shipping Co. (MSC), and Adani International Container Terminal Pvt. Ltd will form an equal joint venture to develop and operate a container loading facility at Mundra Port in Gujarat. This will be the Geneva-based MSC's first investment in a container terminal in India. MSC is privately held by the family of Gianluigi Aponte, its founder and chairman.

Oil tanker glut seen rising

A glut of the biggest oil tankers in the Persian Gulf expanded adding to pressure on owners facing returns near the lowest level in at least four years. There are 20 per cent more very large crude carriers available for hire over the next 30 days than there are likely cargoes, according to a Bloomberg News survey of six shipbrokers and owners. That's an increase of 1 percentage point from last week and up 5 points compared with a year earlier, previous survey data show.

Barge-mounted processing unit to be ready within 8 months

The Andhra Pradesh Chief Minister, N Kiran Kumar Reddy, said that the barge-mounted floating processing unit will be ready to supply gas within eight months easing pressure on gas-starved independent power plants. He said two processing units will come in the state one at Gangavaram Port and another floating vessel at Kakinada. The former will take about 30 months to establish. These will facilitate use of imported gas.

He said two more proposals have come to the state for setting up gas processing units. The gas is brought at extreme low temperature and heated and then evacuated to pipelines for supply to gas plants. Expressing concern about the shortage of gas, the Chief Minister said that the Centre should probe whether the gas shortage from KG-basin is artificially created.

Petronet's focus is short term LNG deals for now

Petronet LNG Ltd, India's biggest gas importer, plans to initially operate its Kochi regasification plant with spot or short-term gas deals, while it expects prices of costlier long-term deals to ease in two to three years. Petronet will start its Kochi terminal in south India by December but plans to operate it at full capacity, 5 million tonnes a year, from 2014 due to delays in the commissioning of a key pipeline.

The long-term availability of LNG in the Asia Pacific is set to increase, given that Japan has decided to restart two of its nuclear reactors and that LNG from Angola, which was meant for the United States, is likely to be diverted to Asia.

Sri Lanka ports to issue \$1-bn bond

Sri Lanka's state-owned Ports Authority will go to international capital markets in October to sell a \$1 billion corporate bond. Proceeds from the issue will be used repay part of its yen-dominated loans and to expand port facilities.

PORT SETS NEW WORLD RECORD

Krishnapatnam Port has set a new world record in cargo handling by discharging 1.2 lakh MT of coal in 24 hrs using the conventional unloading system in the form of advanced mobile harbour cranes. *MV Cohiba* carrying 1.61 MT of coal from the US for JSW Steels Limited, berthed at the port at 5.30 am on August 6 and the cargo discharge started an hour later. The record was achieved on August 7.



VOICES

“Market Based Measures are very controversial and most shipowners believe, given the severely depressed state of global shipping markets, that now is certainly not the time to impose an additional major cost on international shipping.”

– **Masamichi Mooroka**, Chairman, International Chamber of Shipping responding to International Monetary Fund's fuel-tax proposal



We are still the second fastest growing economy. I see turnaround in exports and indications are that we can achieve 20 per cent export target this year.

– **S R Rao**
Commerce Secretary, Government of India



We will not do any fresh investments in Major Ports until there is clarity on tariff.

The current regulation discourages an efficient operator. He has no incentive to invest in raising the productivity.

– **Henrik Lundgaard Pedersen**
APM's CEO for Asia-Pacific speaking on TAMP regulations

“China's economy seems to be undergoing a soft landing, though global headwinds are increasing. This means growth of about 8 percent. This is less than it was in the past but still it compares very favourably to what is happening around us.”

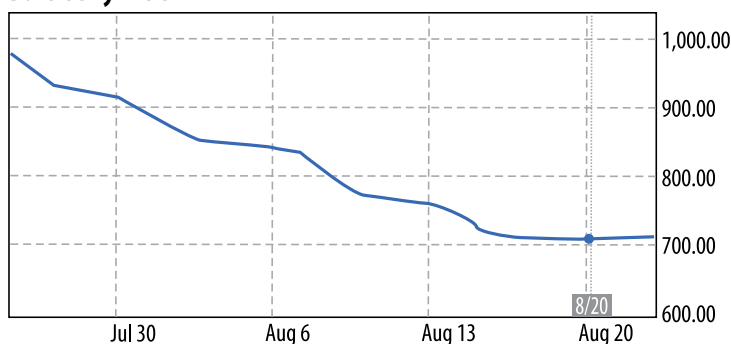
– **Markus Rodlauer**
Deputy Director, International Monetary Fund, Asia & Pacific (IMF)

Profile of Top 10 INSA member companies as on 01.07.2012

Sl. No	Name of the Company	No. of Ships	GT	% of INSA	% of Indian Shipping
1	Shipping Corp. of India Ltd.	82	3274033	36.79	31.65
2	Great Eastern Shipping Co Ltd.	36	1478449	16.61	14.29
3	Essar Shipping Ltd.	23	636274	7.15	6.15
4	Mercator Lines Limited	18	566873	6.37	5.48
5	Tolani Shipping Ltd.	10	382209	4.30	3.69
6	Varun Shipping Co. Ltd.	13	343455	3.86	3.32
7	India Steamship	6	342002	3.84	3.31
8	Pratibha Shipping Limited	9	281543	3.16	2.72
9	Five Star Bulk Carriers Pvt. Ltd.	4	205881	2.31	1.99
10	Sanmar Shipping	6	190122	2.14	1.84
Total of top ten companies		207	7700841	86.54	74.45

Courtesy: INSA

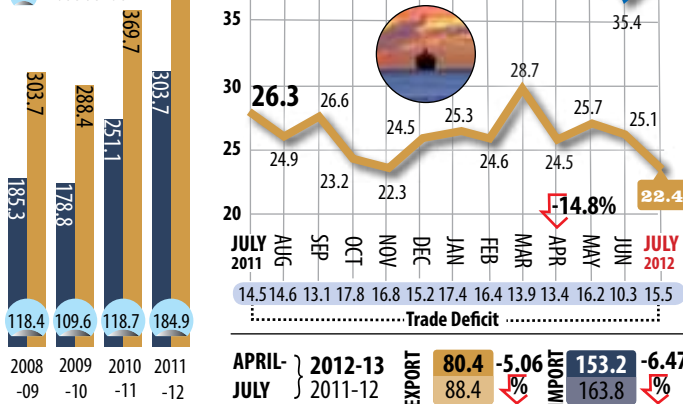
Baltic Dry Index



India's Foreign Trade

(in US\$ billion)

- Export
- Import
- Trade deficit



Source: Ministry of Commerce

PTI GRAPHICS

Round-the-clock Customs clearance soon at major ports

International traders can breathe easy as customs clearance will be made available round-the-clock at four major airports and ports. The new system will be in place from September 1. The Prime Minister's Office has issued a directive in this regard. The major ports where this 24/7 facility would be available are Mumbai, Chennai, Kolkata, Kandla and JNPT.

Round-the-clock operations will begin on a pilot basis with customs operations, along with all other complementary services. Along with Customs clearances, other government agencies

such as the concerned port authority, drug controller, FSSAI, quarantine etc, and private players such as custodians, CHAs, banks, and transporters will also have to work accordingly to synchronize with the extended work hours. This would be initially be for a period of four months after which efforts would be made to expand similar operations at other locations.

The 24/7 operations would be available for certain categories of imports and exports. For imports, the category 'No Assessment-No Examination' will be covered. This will cover nearly 70 per cent of imports. For exports, this facility could be extended to those exports not claiming benefits. At present, there is no Customs clearance after 5.30 pm. This is considered a major constraint.

According to the PMO, such a system means that import and export cargo, delivered at a time when clearance facilities are unavailable, have to wait till clearance facilities are open to move on to their destination. At airports and ports, which in any case normally operate round the clock, cargoes pile up awaiting clearance.



ICS Welcomes IMO action on ECDIS

The International Chamber of Shipping (ICS) – which represents global shipowners and 80 per cent of the world merchant fleet – has welcomed the decision by the International Maritime Organization (IMO) Sub-Committee on Safety of Navigation to take action to address operating anomalies with ECDIS (Electronic Chart Display and Information Systems). On July 1, new mandatory IMO requirements for ECDIS (Electronic Chart Display and Information Systems) entered in force, something which ICS has long supported provided that sufficient Electronic Navigation Chart availability could be met before the phased-in carriage requirements first become effective. Disturbingly, it has become apparent that not all ECDIS systems may be fully effective, with the International Hydrographic Organization (IHO) advising that some systems have reportedly failed to display significant underwater features in the 'Standard' display mode, necessitating the continued use of paper charts.

ICS Director Marine, John Murray remarked: "ICS welcomes IMO's recognition of the problem and its development of a circular providing advice on the issue to mariners, with a meeting with ECDIS manufacturers planned for September that will hopefully get to the root of this serious problem. But in view of the potential danger presented by ECDIS operating anomalies, ICS will continue to monitor the situation very closely."



Major new orders for Bromma

Stockholm-based Bromma has won new major contracts for a total of 55 STS45 separating twin-lift ship-to-shore spreaders, plus new orders for 9 SSX45 single-lift ship-to-shore spreaders and 9 Bromma Tandem multi-lift spreaders. Bromma STS45 spreaders are the container handling industry's best-selling ship-to-shore spreader due to the inherent productivity and versatility of these proven and durable spreaders. These 73 ship-to-shore crane spreaders orders newly on order have contributed to one of the strongest commercial months in Bromma's history, with more than 150 crane spreaders ordered from Bromma in June 2012 alone.

Jaya and IHC Merwede Collaborate

Jaya Shipbuilding and Engineering Pte Ltd, a wholly owned subsidiary of Jaya Holdings Limited leading Offshore Energy Services provider, has signed an agreement with IHC Merwede Asia Pacific which enables IHC's high-specification offshore vessels to be produced by Jaya at its yards in Singapore and Batam, Indonesia. As part of the wide-ranging agreement, IHC Merwede will also provide design and engineering support services to Jaya.

Shipbuilders look for big boost in orders

Japan Ship Investment Facilitation Co., a finance consultancy formed by the nation's shipbuilders, said it may help the yards win ¥100 billion in orders in three years by using government-backed funding. JSIF is in talks with more than 10 yards to facilitate sales of ships to special-purpose companies it will help create, President Shinobu Kawato said recently in Tokyo. The vessels will then be chartered to overseas customers for 10 to 12 years, he said. Formed in April by a group of 21 Japanese shipyards, JSIF is part of the nation's efforts to boost sales as competition from South Korea and China, a stronger yen and lack of funding curtail deals.

Smit Lamnalco backs the Flying Angel

Smit Lamnalco, a leading provider of towage and associated marine services to the oil and gas industries, is donating \$50,000 this year and again in 2013 to the *Flying Angel*, the first purpose-built seafarers support vessel in the world. The *Flying Angel* sails out to the Fujairah Anchorage each day to take seafarers onboard. It offers internet and telephone facilities, a welfare officer to listen to and help solve seafarers' problems, book and DVD libraries, a shop and a place to chat, relax and unwind. At any one time between 150 and 200 vessels crewed by around 3,000 seafarers are at anchorage off the east coast of the United Arab Emirates, the world's second largest bunker anchorage, and the *Flying Angel* welcomes an average of 75 seafarers onboard each day. At a presentation ceremony, Vivek Seth, Smit Lamnalco Managing Director, Middle East and Indian subcontinent, said: "Seafarers are the lifeline of any sea borne trade and their well-being is imperative. We are glad to be able to contribute to *Flying Angel* and support such a just cause."



Smit Lamnalco brings Sierra Leone ore to market

Smit Lamnalco has played a pivotal role in bringing two export projects to fruition that will see Sierra Leone's re-emergence as a key global source of iron ore. The marine support and logistics specialist has provided the turnkey services to assist African Minerals Limited (AML) in exporting ore from its Tonkolili mine, whose life expectancy is in excess of 60 years, with resources of an estimated 12.8 billion tonnes.

Smit Lamnalco has been contracted for an initial five years to support AML's fully integrated mine-rail-port transport system connecting Tonkolili to the port of Pepel. Shoreside, Smit Lamnalco has deployed four Damen-built 3212 terminal and towing tugs to ensure that ships enter and exit the port's challenging approaches safely. AML already plans to develop a new rail spur from the existing railway, connecting Tonkolili to a new large deep water port at Tagrin. In a second deal, London Mining Plc contracted Smit Lamnalco to provide a complete logistics and marine package to support exports from the upriver Marampa mine. The support package includes on-transit tug and barge services along 40 km of Port Loko River from the Thofeyim River Port to Freetown Harbour. The waterborne transit involves four bespoke shallow draft Smit Lamnalco river tugs towing four 93 m long barges to the coast.



ClassNK releases First Harmonized CSR software

ClassNK has released the world's first software package for use with the new IACS Harmonized Common Structural Rules (CSR) for bulk carriers and oil tankers, which were released at the beginning of July 2012. The release makes ClassNK the first classification society to release Harmonized CSR compliant software for use by the maritime industry. IACS' new Harmonized CSR have been widely anticipated as the next step in shipbuilding requirements, not only unifying the existing CSR for bulk carriers and tankers, which were introduced in 2006, but also incorporating the IMO's Goal Based Standards (GBS) with the aim of further rationalizing shipbuilding regulations.

VIDEOTEL and BIMCO extend joint e-learning initiative

Videotel Marine International and BIMCO announced the extension of its ground-breaking venture offering the BIMCO eLearning Diploma Programme (BeDP) throughout the entire Videotel on Demand (VOD) fleet. This new facility allows ship officers on board to study the same BeDP modules as their shore based colleagues, whatever their on board duties and sailing schedules. "Since linking up with BIMCO the BeDP has proven extremely popular," says Nigel Cleave, CEO of Videotel. "The programme enables students to build on their knowledge, acquire professional competencies and contribute to their continuous professional development. Now, with VOD on over 10,000 vessels worldwide, we can extend this opportunity to maritime students wanting to study in a flexible and user friendly way whilst serving on board a vessel."

Free access to the Singapore Ship Sale Form

In a bid to expand the reach of the Singapore Ship Sale Form (SSF), exclusive distributor of the SSF, the Asian Shipowners' Forum (ASF) and leading maritime software and tools development and consultancy company, SD Software Developers Ltd (SDSD) have released a new edition of the Charter Party Editor programme (CPE) that is specifically designed to edit the SSF.

As part of the continuous efforts to encourage more users to adopt the SSF for their sale & purchase (S&P) transactions, the new and special edition of the CPE, the SSF Editor, is now available free of charge to all users for a six-month period, with effect from July 20, 2012. The new edition of the CPE is available for download at <http://ssf.charterpartyeditor.com/>.

Gati Ship dedicated route on Chennai-Yangon-Chennai stretch

Gati Ship Pvt Ltd, a 100 per cent subsidiary of Gati Ltd. – India's pioneer and leader in Express Distribution and Supply Chain Solutions – recently announced a dedicated Shipping route service between Chennai-Yangon-Chennai to help businesses maximise trade potential between the two countries. Gati Ship Pvt. Ltd is a one-stop logistics solutions provider for all sea-bound cargo shipments. An unmatched expertise and a decade of operational experience, Gati Ship is the only licensed operator making several voyages a month between India and Myanmar via Port Blair. It is the only direct service operator on the east coast of India-Myanmar route. Gati also operates two container yards at Chennai and Port Blair which increases capability and provides for efficient handling of the cargo. Dhruv Agarwal, Vice President, Gati Ship said, "With the opening up of the trade relations between India and Myanmar and an aggressive bi-lateral trade projection, we see a lot of business potential on this route. Our expertise and excellent relations in the Myanmar Shipping industry will be an added advantage."

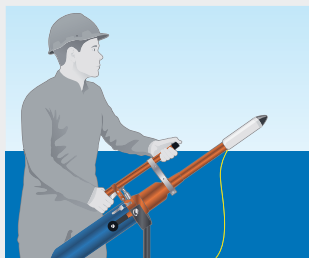
The trade potential between India and Myanmar is expected to double to \$2 billion by 2015. The proposed Kaladan Multimodal Transit Transport Project envisages a direct trade corridor between a port in Myanmar and Indian ports on the eastern coast which will then pass through riverine transport and lastly by road to Mizoram. This is expected to further boost trade between the two countries.

Safety at sea:

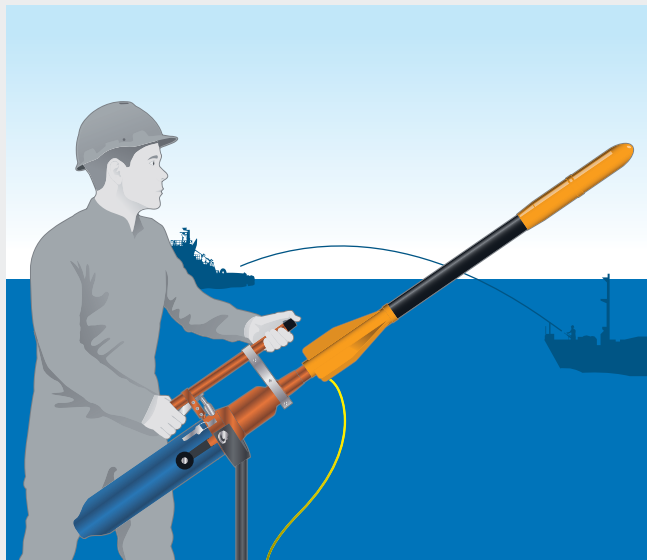
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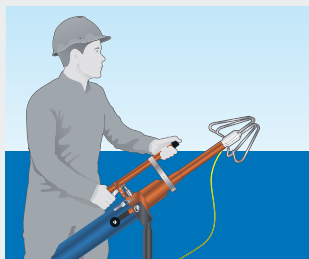
Vessel to vessel



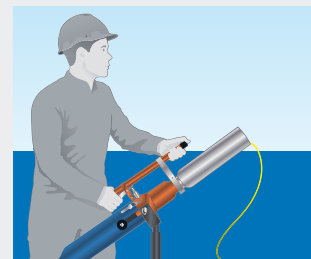
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Gujarat Pipavav Port Limited raises ₹350 crores

Gujarat Pipavav Port Limited has successfully concluded a capital-raising exercise of ₹350 crores through a Qualified Institutions Placement (“QIP”) and a preferential issue to its Promoter. The promoter’s shareholding in the Company is maintained at 43.01 per cent post the QIP and the preferential issuance. The funds raised will largely be used to prepay the existing loan in order to strengthen the company’s balance sheet and to facilitate funding options for its expansion plans. The company is proposing an expansion of the infrastructure facilities at APM Terminals Pipavav to increase the capacity and enhance operational efficiencies. The total cost of the expansion is expected to be approximately ₹1,097 crores. “We propose to increase capacity for container cargo to approximately 1.5 million teu and capacity for bulk cargo to approximately 10 million tonnes,” said Prakash Tulsiani, MD, GPPL/APM Terminals Pipavav.

CEVA launches mobile app to track shipments in real time

CEVA Logistics has launched its first mobile app, CEVA Mobile, which enables customers to track the exact location of every shipment using their iPhone or iPad. Every year, CEVA ships hundreds of millions tonnes of cargo for over 15,000 customers worldwide. CEVA Mobile provides easy, on-the-go access to shipment tracking using only the customers’ shipment reference or house number.

Peter Dew, CEVA’s Chief Information Officer said, “Visibility is an integral part of any supply chain and this app, in combination with our online CEVA Trak tool, makes it quick and convenient to see exactly where a customer’s goods are at any given point in the supply chain.” The new app can be downloaded now, free of charge from the App Store. Download App – <http://itunes.apple.com/us/app/ceva-logistics/id516472325?mt=8>

DHL Express expands its presence in North India

DHL, the world’s leading logistics company, is further expanding in the markets of North India and recently officially inaugurated a new Service Centre facility in Kanpur. The new facility spread over 2,000 sqft with a capacity to handle a volume of close to 1,500 shipments a week, was inaugurated by Irshad Mirza, Chairman, Mirza International Limited and Malcolm Monteiro, CEO, South Asia, DHL Express. DHL Express is serving a wide variety of customers in and around Kanpur in leather and leather products, apparel and textiles, banking, and farm and industrial equipments sectors. Malcolm Monteiro said, “We are witnessing a double-digit growth in the Kanpur market and are strongly positioned in UP and Uttarakhand. We have a strong foothold in key cities including Kanpur, Allahabad, Lucknow, Jhansi, Farrukhabad, Gwalior, Shahjahanpur etc and the company will continue to invest in infrastructure.”

New port in Gujarat

Gujarat government has given a go-ahead to construction of the proposed port at Nargol, 120 km south of Surat. A consortium of Cargo Motors Limited and Israel Ports Company (IPC) will develop the port at an investment of ₹4,000 crore. Nargol is amongst eight greenfield ports being developed by Gujarat Maritime Board (GMB), the maritime regulator in Gujarat. Nargol falls in the upcoming Delhi-Mumbai Industrial Corridor (DMIC), about 120 km south of Surat and 140 km north of Mumbai is perceived as a multi-purpose port capable of handling solid, liquid and container cargo. The place is well connected with road and rail network. Plans are underway to expand the two-lane state highway into an eight-lane divided carriageway. It has a draft (depth) of 11-12 metres. The developers expect to reclaim 75-150 hectares of land for developing the port, whose first phase is likely to be commissioned by 2015-2016, said a GMB official. The proposed port is estimated to have an initial cargo handling capacity of 1.2 million twenty-foot equivalent units (TEU). Cargo Motors runs car dealerships and is also involved in the hospitality, logistics, construction and power industries while IPC has over 50 years of experience in maritime infrastructure.

CONCOR to extend network in eastern, northeastern regions

Container Corporation (CONCOR) plans to extend its network in eastern and northeastern India, setting up two more Inland Container Depots (ICDs) at Siliguri in West Bengal and Tripura. “The proposed Siliguri ICD would handle the cargo to and from Nepal, Bhutan and adjoining countries while the Tripura ICD would deal with goods to and from Bangladesh and neighbouring countries,” CONCOR



Managing Director Anil Kumar Gupta announced recently. Gupta said that currently one ICD is now operational in Guwahati, which annually handled over 5,000 containers, mostly for tea exporting. “With the setting up of Tripura ICD, the goods to and from northeastern region, other parts of the country and abroad via Bangladesh would be easier. The mountainous northeastern region’s most crucial problem is connectivity and ferrying goods from other parts of the country and abroad.” Gupta said: “The idea is to take the facility of Ashuganj Port in Bangladesh. In near future Chittagong international port can be used to ferry goods to and from northeast India and abroad.”

The Ashugang river port is just 41 km west of Tripura while Chittagong sea port is 75 km away from the border in the northeastern state.

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Essar profits soar

Essar Ports Ltd, an Essar Group unit, expects that its proposed coal berth at Paradip Port in Odisha will get at least 25 per cent of revenue from third parties in the next two years. Essar Ports, which operates two ports in Gujarat, currently gets 96 per cent of business from group companies such as Essar Power Ltd and Essar Steel Ltd.

Rajiv Agarwal, chief executive officer and managing director at Essar Ports, said his company had doubled third-party business to 4 per cent in the last financial year from the previous one. "We will be able to take this 4 per cent to 25 per cent in the next two years as our coal berth at Paradip Port is getting ready," Agarwal said recently.

2012 remains strong year for Chinese commodity imports: Barclays



Strong Chinese imports of commodities to continue this year, said Barclays Capital in a commodities research note. According to the bank, year-on-year rises as "still robust" even though growth has slowed from the rapid rates early in the year. The most recent data show copper net imports up 27 per cent year-on-year with sharp gains for zinc and tin as well. Corn imports were up 318 per cent year-on-year, wheat 133 per cent, soybeans 10 per cent, oil 12 per cent and platinum 102 per cent.

Emerson collaborates on bunker monitoring system



Emerson Process Management has introduced a remote fuel consumption and bunkering monitoring system to help shipping companies manage their fuel costs. Emerson collaborated with Singapore-based Ascenz Pte Ltd, which supplies remote fuel consumption and bunker monitoring systems for shipping companies.

Work begins on mechanised coal berth at Vizag Port



Apuja was performed recently at the east quay 1A berth of the Visakhapatnam Port to begin work for building a fully mechanised coal berth. It will be operational in 24 months and the estimated cost is ₹390 crore. SEW Vizag Coal Terminal Private Ltd signed a concession agreement with the Visakhapatnam Port Trust on February 3 to take up the design-build-finance-operate-transfer project for 30 years. The berth will be designed to handle 7.36 million tonnes of coal a year and will be of great use to thermal coal importers. The berth will have fully mechanised systems such as ship loaders, wagon-tipper stations, stacker reclaimers and conveyor systems. It will be built to global standards.

Shreyas's new feeder vessel calls at Vallarpadam terminal



Shreyas Shipping has introduced one more feeder vessel to Kochi as part of its West Coast services. The vessel – OEL Kochi – with a carrying capacity of 1,725 TEUs had its maiden call at ICTT Vallarpadam recently. The service will have weekly calls with a proposed routing of ICTT-Tuticorin-Mundra-Hazira-Nava Sheva-ICTT.

The company has also plans to connect all the Indian ports with ICTT for transshipment business as the tonnage growth in the west coast area is expected to facilitate the connectivity to ICTT.

Evergreen to commence feeder service to Yangon, Myanmar



EVERGREEN Line has unveiled plans to commence its new Straits-Yangon (Myanmar) service (SYS) from late August in response to increasing market demand for feeder space. The Taiwanese shipping line will exchange container slots with Advance Container Lines (ACL) on its Yangon routes to increase the frequency of feeder connections.

Chinese iron ore traders sell stock at loss as outlook darkens



Sharply falling iron ore prices have pushed small Chinese traders to breaking point, forcing them to sell off loss-making inventory as they give up hope for a market rebound anytime soon. Big trading firms have the financial muscle to hold on for much longer – traditionally they have been able to hang on until prices recovered. But even state-owned giants like Sinosteel and Minmetals were selling small amounts of stock at a loss, traders said.

If large traders were to follow their smaller competitors, some of the nearly hundred million tonnes of iron ore stockpiled at Chinese ports could be unleashed on the market. That would dent revenues for the top global mining companies, such as BHP Billiton and Rio Tinto that depend on China's steel mills to digest the growing volumes of raw material they produce.



The capitulation by small traders is important because China's iron ore market is fragmented and thousands of small-scale dealers play a significant role in price setting. Even if the economy picks up pace from now, steel mills are unlikely to see a benefit in demand until at least late September.



Cabotage waiver to ICTT detrimental: Shipping Corp chief

Cabotage laws can be waived only if a level playing field is provided to Indian shipping companies, said S Hajara, chairman and managing director of Shipping Corporation of India (SCI) while strongly opposing the decision to waive cabotage law.



Talking to reporters, he said such a move would be detrimental to the Indian shipping companies which were already facing challenges on fiscal, commercial and technological regimes. "It must be recalled that most of the developing countries were not relaxing Cabotage rules to protect the domestic shipping industries," Hajara said.

He said India's target of shifting significant portion of cargo from road and railways to ships could be achieved only through effective policy interventions to strengthen the domestic shipping industry. The Indian shipping companies are

not able to wrest any significant share of the country's growing exim or domestic cargo, because of the lack of support measures, he said. The SCI CMD also claimed that the Indian vessels have the capacity to carry 40,000 teu per month while the coastal cargo in the country is only 8,000 teu.



ICTT betters container traffic record

ICTT Vallarpadam handled a record 137363 TEU containers in July 2012, bettering 36487 TEU set in June 2011. ICTT has also set a record by handling 47 vessels in July 2012; the maximum number of vessels handled in any given month. The re-start of transshipments and diversion of major volume from the hinterland has been the major factor making it possible to achieve this feat. Customs Department had earlier simplified the procedure for Transshipment at ICTT also for clearance of Inland Container Depot (ICD) containers by rail and road.

The timing of the procedural change has been a blessing for ICTT as it coincided with the Raw Cashew Import Season from Africa. This made it possible for the terminal to handle mainline vessels of shipping lines like PIL, CMA CGM, ZIM and Maersk Line from Africa and re-started Transshipments to Tuticorin and Mangalore. ICTT also did a record exchange of 2,603 teu in the vessel *CMA Africa Two*, a mainline vessel in from CMA CGM's West Africa Express (WAX) service.

Apart from this, ICTT has regular weekly mainline call to Europe, China and Middle East calling ICTT every Thursday, Sunday and Monday respectively. The facilitation centre at Walayar, jointly operated by DP World Cochin and Kerala Chamber of Commerce and Industry, for the first time handled more than 1,000 trucks during July 2012 which shows the increased inflow of cargo from the hinterland. This Centre has been operational of over a year and has been instrumental in smooth clearance of cargo from hinterland at Walayar Check Post.



Coal handling increases at Ennore Port

The High Court ban on handling of dusty cargo at Chennai Port Trust has led to increase in coal imports at Ennore port, which is situated 20 km north of Chennai Port. Further, the coal importers have also moved to other nearby private ports like Karaikal and Krishnapatnam.

The Ennore Port has seen a 36 per cent increase in overall coal handling, with about 500 per cent growth at the non-TNEB berth in the first quarter ending June 2012 compared to the same period last year. However the handling of coal at TNEB berths has come down by 19 per cent due to availability of stock in its warehouse. Intake would pick up soon, as commissioning of new power plants at North Chennai, Vallur and Mettur is in the pipeline. The port is already in the process of acquiring environmental clearance for one more exclusive coal berth with 9-million tonne capacity for TNEB. At present, the two TNEB berths have the capacity to handle 16 million tonnes of coal per annum, while the non-TNEB berth can handle 8 million tonnes of coal per annum.



IOC to float tenders for Ennore terminal

Indian Oil Corporation will start work on identifying contractors for the ₹4,320-crore Ennore LNG import terminal from next month. The company has signed agreements with leading industries in the region to supply the imported Liquefied Natural Gas. The terminal coming up 24 km north of Chennai at Ennore Port is to be completed in 2015-16.

Some of the industries that have signed up for LNG include Madras Fertilizers Ltd and SPIC, which need the LNG feedstock, over 400 MW of power plants including Tamil Nadu Electricity Board's Basin Bridge project, and

private power generation companies such as Samalpatti Power, Madurai Power and GMR, which are keen on shifting to LNG.

The terminal with an initial capacity of 5 million tonnes annually will have provision to double its handling capacity. Once the project management consultant is finalised next month, the oil company will float the first tender to identify the EPC contractor to set up LNG storage tanks of 2.66 lakh cubic metres storage capacity, the other major packages include the marine facilities, gasification and related facilities and construction of buildings.



Toyota to commence Production

Japanese auto major Toyota would begin engine production from its manufacturing facility in Bangalore next month. Toyota plans to manufacture about one lakh engines and 2.40 lakh transmission units from the facility. 1,500 units of Etios and Liva had already been shipped to South Africa from Ennore Port

500 Safe Days in APM Terminals Mumbai!

Employees at APM Terminals Mumbai achieved 500 Safe Days, without any Lost Time Injury (LTI), setting a record at the Jawaharlal Nehru Port (JNPT) at Nhava Sheva.

APM Terminals globally lays a lot of emphasis on Safety at terminals and the Senior Management team at The Hague is actively involved in motivating employees to practice Safety at work. Innovative Safety campaigns initiated by HSSE have gone a long way in generating awareness among employees and stakeholders at the terminal. The HSSE team ensures that employees and terminal users are provided the necessary safety training and tools required to perform safe and smooth operations. Safety Workshops are rolled out to clients and contracted staff emphasizing the need to follow Safety rules inside the terminal, thus minimizing workplace accidents.

By setting 'Rules that Work', like regular toolbox meetings with employees and contractors, training sessions with external drivers, monthly safety meetings, recognizing and felicitating employees/ contractors displaying high safety standards and reporting of near misses, conducting periodic mock drills at site etc have contributed to achieving this milestone.

Vizag Port upgrades cargo berth facilities

The Visakhapatnam Port has received three coal unloaders. The unloaders that arrived are to be assembled and used at the general cargo berth in the outer harbour as a part of upgrading the facilities there to handle coal, according to a press release.

The project of mechanisation and upgrading of the facilities at the general cargo berth in the outer harbour was awarded to a Sterlited consortium on a design, build, finance, operate and transfer basis. The estimated cost of the project is ₹443 crore and it is designed to handle 10.18 million tonnes of coal a year.

The project will greatly reduce the coal dust pollution at the general cargo berth and also cut the turnaround time for the vessels. Further, larger vessels of 2,00,000 DWT (dead weight tonnage) can be handled at the GCB. The concession period is 30 years from October 2010. A special purpose vehicle – Vizag General Cargo Berth Pvt Ltd – has been formed for executing the project.

Each unloader has a capacity of 2,500 tonnes an hour. The project also envisages construction of storage space for imported coal besides rapid railway wagon loading system.

Leather cluster coming up in Krishnapatnam

The upcoming Krishnapatnam International Leather Complex Private Limited (KILCPL), jointly promoted by Andhra Pradesh government, could give a fillip to leather exports from India, with its state-of-the-art infrastructure.

The Andhra Pradesh state government's investment arm APIIC is providing the infrastructure. The SPV is jointly promoted by Andhra Pradesh Industrial Infrastructure Corporation (APIIC) and Leather Industries Development Corporation of Andhra Pradesh (LIDCAP). The project finance is supported by the Government of India, Government of Andhra Pradesh and private participation in the SPV.

KILCPL is located in Krishnapatnam in Nellore district of Andhra Pradesh in an area of 412 acres near the sea coast. The complex will have capability to process around 300 tonnes of hides and skins per day (1,00,000 tonnes annually equivalent to 10 per cent of present Indian capacity). The expected investment in SEZ is \$200 million. The KILCPL is proposed to house about 25 tanning units in the area of 250 acres of land and about 21 units of leather processing with the capacities ranging from 6 tonnes to 25 tonnes with a total capacity of 300 tonnes in the area of 220 acres of land.

MRPL's mooring facility at New Mangalore Port may benefit both

The commissioning of MRPL's SPM facility by early September is likely to benefit both MRPL and the New Mangalore Port. MRPL (Mangalore Refinery and Petrochemicals Ltd) cannot bring ships of more than 85,000 tonnes in New Mangalore during monsoon because of limited draft. But some of its import cargoes come in ships having capacity of more than 1.35 lakh tonnes. These ships require deep draft. The commissioning will help in bringing crude oil in very large crude carriers (VLCCs). MRPL is setting up the SPM within the limits of the New Mangalore Port Trust at a location 16 km inside the sea. The SPM would provide draft of 30 m for handling VLCCs. The SPM facility will help de-congest the existing jetties at the Port Trust. During 2011-12, the port handled 13.08 million tonnes (12.39 mt) of crude oil. Completion of phase-3 would help process 15 million tonnes of crude oil which ultimately may go up to 18 million tonnes.

APM-managed CFS will be operational Soon

The container freight station managed by APM Terminals India Pvt Ltd in the vicinity of Vallarpadam terminal will become fully operational by October 2013. The final agreement for entrusting the operation and management of the facility to APM Terminals is being signed by T Balakrishnan, Chairman of MIV Logistics Private Ltd and Subhasis Ghosh, Managing Director, APM Terminals India Private Ltd. T Balakrishnan, Chairman of MIV Logistics Private Ltd said the facility when fully commissioned will have a capacity to handle 1 lakh teu a year, both for export and import. It will have a warehouse of 60,000 sq ft capacity and an open yard of over 5 lakh sq ft for storage of containers. He said the duration of the agreement is 10 years. The permanent facilities will be owned by MIV Logistics and the equipment for operation and the operating personnel will be provided by the O&M Operator.

New CFS to add muscle to Gateway Distriparks

Despite the dip in net profit in the first quarter of the current year, Gateway Distriparks expects a better year due to the commissioning of two new container freight stations at Navi Mumbai and Kochi. For the first quarter of 2012-13, Gateway Distriparks achieved a turnover of ₹55.80 crore



Chinese shipping firms and Vale in battle for port access

China's biggest shipping companies are going head to head with the world's largest iron ore supplier in a battle over access to its ports. The controversy dates to 2007 when Brazilian miner Vale SA started mapping out plans for a fleet of super sized ore carriers and complementary port facilities to serve Asian customers, mainly Chinese steel makers. Vale plans to launch 20 Valemax ships by 2013. The battle, meanwhile, is over a pivotal component of the Vale strategy: Shipping companies such as COSCO Group and Sinotrans & CSC Holding are opposing the company's request for government permission to dock and unload Valemax ships at three seaports of Dalian, Majishan and Qingdao.

Companies represented by the China Shipowners' Association have been pressuring the government to ban Valemaxes. But Vale and its allies, including Chinese shipyards hired to build the ships, are lobbying for an open door.

(against ₹61 crore in the same period last year) and a net profit of ₹18 crore (₹22.3 crore) on standalone basis.

Analysts have attributed the fall to the company's "aggressive pricing" strategy. Warehousing throughput was 65,384 teu compared with the previous two-quarter-average of 50,800 TEUs. The company is expected to ramp up its CFS capacity to 560,000 teu in the current financial year with the resumption of full operations at Punjab Conware CFS. Its current capacity stands at 516,000 teu. Construction of the building of Punjab Conware CFS has begun and partial operations from the facility will commence by November-end. The facility will be fully operational towards the year-end. The Kochi CFS has also commenced partial operations (on wheel operations) and is likely to commence full-fledged operations on completion of the construction of warehouse, which is expected to happen next month.

Maersk Line saves \$90 million in bunker fuel bills

Maersk Line has achieved savings of 160,000 tonnes of fuel and almost \$90 million over three years through higher propulsion efficiency gained by measuring the performance of individual vessels, according to a company news release.

The group says it has used Key Performance Indicators (KPIs) "for years" as a way of measuring its performance for the previous year, but only since 2009 have KPIs been used as a way to increase a vessel's performance. Developed by collaboration between the vessels, Maersk Line Vessel Management, and Maersk Maritime Technology, which is in charge of the Maersk Ship Performance System (MSPS), as of 2012 the vessel KPIs measured are energy, safety, daily running costs and cooperation / best practice sharing.

Helped by rise in coal loading, East Coast Rail pulls more freight

A rise in coal loading has helped East Coast Railway (ECoR), a major freight-loading zonal railway, achieve higher traffic throughput, according to a spokesman for ECoR. Between April and July this year, ECoR loaded a total freight traffic of 42.46 million tonnes (mt), up by more than five mt over the same period last year, posting about 13.4 per cent growth. During the same period, the coal throughput increased 18.4 per cent to 25.31 mt (21.38 mt).

Cavotec wins major cable reel order

Cavotec has won a substantial order for power and spreader cable reels for ship-to shore (STS) container cranes from the world's largest port equipment manufacturer ZPMC. The project further strengthens Cavotec's presence as a key supplier to OEMs in the global ports sector. "This project reinforces our position as a trusted supplier to leading OEMs such as ZPMC. The considerable size of this order is also strongly positive for Cavotec," says Gustavo Miller, Managing Director of Cavotec Shanghai.

RINL plans ₹1,000-cr jetty near its Vizag plant

Rashtriya Ispat Nigam (RINL) plans to set up a ₹1,000-crore jetty for captive use along the Vizag coast to reduce cost and reliance on the nearby Gangavaram Port. "RINL has already appointed consultancy firm RITES for doing the feasibility study a couple of months back. It has also approached the Andhra Pradesh government for getting the required permissions," a steel ministry source told PTI.

RINL depends on Gangavaram Port for the movement of raw material and finished products. But, given the size it is attaining with the expansion of its lone facility at Vizag, it becomes imperative for the company to set up own jetty to ensure smooth movement, he said.

US Defers Container Scanning

Inadequate preparations and high cost force US Department of Homeland Security to announce two-year exemption to the proposed law.

The US government has decided to defer the requirement to scan 100 per cent of containers arriving in the nation to July 2014. The move comes as a great relief to maritime trade community including shippers and end consumers, who were expecting tough times as the US Department for Homeland Security was planning to implement it from July this year.

The legislation was introduced following a detailed study of the 9/11 attacks and the US response to safeguard its borders against a future terrorist attack. The requirement to 'scan all' inbound shipping containers to the US at foreign ports was introduced with SAFE Port Act (Security and Accountability For Every Port Act of 2006), which also included an option for the scanning requirement to be deferred if certain criteria were met.

However, Department of Homeland Security (DHS) was forced to extend a two-year blanket exemption to foreign ports due to the high cost involved and the cumbersome implementation procedures. In a letter to the Chairman of the House Committee on Homeland Security, the Secretary for Homeland Security – Ms Janet Napolitano – said two such criteria are indeed met, and how the use of currently available scanning systems will have "...a significant and negative impact on trade capacity and the flow of cargo."

She added that "Systems to scan containers cannot be purchased, deployed or operated at ports overseas because ports do not have the physical characteristics to install such a system."

According to **Robert Keen, Executive Director, British International Freight Association (BIFA) & Chairman of International Federation of Freight**



Robert Keen
Chairman, FIATA



Profiling and intelligence led screening of information and subsequent scanning of suspect containers only is the sensible method of guarding against suspect material being loaded. A good example is the Customs checks that we all face when travelling. No Government searches the baggage of every inbound passenger and random stops are made by Customs officers trained to identify suspicious behaviour.



Forwarders Associations (FIATA) Multimodal Transport Institute (Working Group Sea), the proposed requirement is impractical and impossible to introduce. "Profiling and intelligence led screening of information and subsequent scanning of suspect containers only is the sensible method of guarding against suspect material being loaded. A good example is the Customs checks that we all face when travelling. No Government searches the baggage of every inbound passenger and random stops are made by Customs officers trained to identify suspicious behaviour," he says.

But 2012 being an election year in the US, it is unlikely that any politician will side with a change to the edict as they could be portrayed as being soft on terrorism. The echoes of such a thought process is already heard with some members of the US Congress expressing concerns whether the government was



Shatanu Bhadkamkar
Chairman, FFFAI



Almost all government organisations, non-governmental organisations and global corporations are increasingly focusing on secure supply chains. Organisations today are compelled to implement ever increasing parameters of security initiatives and are subjected to more regulations, which are implemented with a lot of spite.



serious enough in its efforts to handle real threats of terrorism. Some experts also said it would not be practical to wait until 2014.

"Politicians have decreed that all containers must be scanned and this is law. There is no planning being made to enforce the US law as the DHS knows the position is impossible. How this conundrum will be resolved is unclear. The deadline for 100 per cent scanning of maritime containers at foreign ports remains July 14, 2014. This is an extension to the original date and information from the USA is that this scanning must be introduced," Keen says. However, he points out that there is a huge lobby against the proposal from the rest of the world and there are serious concerns being raised within USA.

DHS says it will cost \$16 billion to implement scanning measures at 700 foreign ports that ship to the US. DHS now relies on intelligence gathering and analysis to identify 'high risk' containers, which are checked before loading on the ships.

According to **Shatanu Bhadkamkar, Chairman, Freight Forwarders Association of India (FFFAI)**, ever increasing global concern for security and safety has led to 'security paranoia.'

He says the commercial organisations today, suffer from what is called 'security fatigue' and 'over regulation fatigue', people particularly those in power, feel that not only the terrorist threats are real but the current systems are woefully inadequate to such an attack. "This clearly means that there is a strong case for a evolving a much smarter approach to deal with the security concerns rather than working towards harsher measures," he says. 

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

Presenting **LIEBHERR** under this feature.

When innovation meets performance

Liebherr Mobile Harbour Cranes in India

Early in 2004, the first Liebherr Mobile Harbour Crane (LHM) started operations for South West Port Limited in Mormugao, India. Seven additional deliveries in the same year marked the beginning of a success story. Since then Liebherr crane population in India has grown steadily as more and more terminal operators opted for Liebherr's advanced mobile harbour cranes. Just two years later, in 2006, 20 LHMs were already proving their outstanding mobility and performance in India. Today, more than 60 LHMs load and unload cargo in Indian ports. In recent years annual total order quantity remained at a continuous high level, providing a solid base for future deliveries.

Another very positive aspect is the high penetration of electric drive, Liebherr's alternative drive system allowing for eco-friendly land-based power supply. Approximately every second LHM delivered to India is equipped with E-Drive.

Further more, about 90 per cent of all LHMs delivered to Indian customers are operated in four-rope configuration. This highlights the importance of bulk handling for the Indian port industry.



With regards to Liebherr's well-balanced range of Mobile Harbour Cranes, the LHM 400 was the most favoured model accounting for 31 deliveries to Indian customers. In 2011, Liebherr introduced the advanced successor of the LHM 400. A close look at the order intake in recent years proves that there is a global trend towards stronger machines. That's why demand for Liebherr's high-capacity cranes is increasing year by year. The strongest mobile harbour crane, type LHM 600, has a maximum lifting capacity of 208 tonnes.

LHM Noise-Control Initiative

The development of Liebherr Mobile Harbour Cranes not only follows industry related matters like increased turnover, but also reflects prevailing political guidelines concerning health and environment. Around the globe an increasing number of ports are focussing on environmental issues. As a major environmental concern, noise is one of the most common occupational health hazards in heavy industrial and manufacturing environments, as well as in ports. To prevent adverse outcomes of noise exposure, noise levels should be reduced to acceptable levels. The best method of noise reduction is to use engineering modifications to the noise source itself. In 2011, the LHM Noise-Control Initiative was implemented and is a major step in this direction.

To seek the greatest environmental benefit with its product range, the design process is codetermined by fundamental thoughts on how to achieve a notable noise reduction. For the first time, the concept of elastic suspension of components was realised in port cranes with two times up to 104t heavy duty winches,



In 38 years of mobile harbour crane manufacturing Liebherr has always focussed on innovation. Sustainable innovation goes hand in hand with customer needs. Close collaboration with our customers is the base for our success and the reason why we were able to become market leader as from 2008. Liebherr will continue building and maintaining strong partnerships with our customers who will continually benefit from state-of-the-art machines and unrivalled lifetime costs.

Mr Markus Wittwer, Director
Mobile Harbour Cranes and
Reachstackers



withstanding the daily tasks of dedicated bulk handling.

In order to minimise structure-borne noise level, the number of bulkhead plates in the LHM 550 is kept to a minimum. Isolated pipes and hoses ensure further noise reduction. In fact, all these measures more than halve the noise level of new generation Liebherr Mobile Harbour Cranes, in other words two LHM 550 make less noise than a single crane of their predecessor model. Even further noise reduction is possible if the cranes are equipped with an optional Attenuation Package. This option includes the additional isolation of the slewing platform, which results in further reduction of noise pollution by approximately 50 per cent. In close proximity to the customer, Liebherr will continue to explore new ways to enhance its noise abatement programmes for the entire Mobile Harbour Crane range.

Cargo handling performance in India

Liebherr Mobile Harbour Cranes are mighty tools. In July 2011, Krishnapatnam Port Company Ltd set a record for unloading coal with mobile harbour cranes. Liebherr's state-of-the-art machines discharged 106,171 tons of steam coal in just 24 hours. This record surpassed Krishnapatnam's previous record of discharging 95,528 tons in 24 hours. In April 2012, two Liebherr portal cranes of Adani Petronet Dahej Port Pvt Ltd (APPPL) broke the old record for coal discharging. 60,077 tons of coal were unloaded in just 24 hours with two LPS 600, the award winning model in the category "Crane of the Year" at the International Bulk Journal Awards 2011.

To minimize exhaust gas pollution, all high performance bulk handling cranes in Krishnapatnam and Dahej are equipped with Liebherr's electric drive. 



150 owned trailers

3 Cranes



12 Reach Stackers



68 Acres of Land



350,000Sqft of
Warehouses



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Nhava Sheva

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	DBC		Other CFS	
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0 to 3 Days	0	0	150	300
4 to 6 Day	50	100	300	600
7th day	50	100	400	800
8 to 9 Days	100	200	400	800
10 to 12 Days	100	200	500	1000
13 to 15 Days	100	200	700	1400
16 to 30 Days	200	400	800	1600
31stDays onward	300	600	900	1800

Pay 80% lesser ground rent compared to other CFSs

Avg 10 days ground rent	500	1000	3050	6100
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ALANG NEEDS BALANCING ACT

The Supreme Court ruling in August allowing former *Exxon Valdez* tanker, which caused one of the worst US spills, to be dismantled in India but with conditions, has once again brought forth the debate on environmental impact versus business growth.

In its rule, the apex court has made it clear that if any toxic wastes embedded in the ship structure are discovered during its dismantling, the concerned authorities shall take immediate steps for their disposal at the cost of the owner. The order also states that future inbound 'end-of-life' vessels heading for Alang will have to prove they are in compliance with the UN Basel Convention.

The UN Basel Convention held in 1989 had laws in place to prevent the dumping of hazardous waste on developing countries. Under such law, ships cannot be imported to a party state like India, from a non-party state, such as the US. All hazardous wastes must also be declared by the exporter and consented by the state of import prior to vessel movement.

These conditions set by the court have made environmental activists worldwide to hail the ruling as some sort of a partial victory as they see it as a kind of acknowledgement on the part of the court that environmental violations are indeed being committed in India at its shipbreaking yard.

While the Supreme Court verdict put an end to the uncertainty surrounding the future of *Exxon Valdez* (now known as *Oriental Nicety*), which has been anchored off India since May, when the court blocked it from being beached at Alang shipbreaking yard, it has also opened up larger questions on enforcement and implementation of the order.

This ruling means that India can no longer accept ships from Europe or the United States. It also means that India must first be notified as to all hazardous materials contained on-board and must approve of ship importation from all sources for scrapping prior to vessel arrival in India.

Considering India's poor track record in governance and regulation, it will be too much to expect that the court order will drastically change the ground realities in Alang.

Despite being a party to the Basel Convention, India has long ignored its legal obligations with respect to ships. Besides, the onus will be on local authorities like pollution control board to enforce the order. And only time will tell their commitment and competency in ensuring compliance with the court order.

Coming back to the question

of environment versus business debate, we should admit that it is difficult to choose one over another. But we can always find a right balance between the two and that should be the way ahead especially considering that our failure to do so is the crux of a whole lot of problems besetting the country's economy and its infrastructure growth.

As far as Alang is concerned, it is a known fact that thousands of workers from UP, Jharkhand, Bihar and Orissa are tearing down ships risking injury and illness apart from being exposed to deadly fumes and other hazardous materials. Alang is a graveyard for dying ships in part because its 38-foot tidal variation allows them to sail directly onto its six-mile beach, avoiding the need for expensive dry docks. Since its establishment in 1983, Alang has reduced some 6,000 ships to bits of metal, glass, plastic and rubber.

Alang has also helped India emerge as the largest centre of shipbreaking in the world with 415 ships having been broken in its ship-breaking yards in 2011-12. Estimates done by Toxic Watch Alliance, an NGO, show that 532 'toxic' ships have been broken down along the Gujarat coastline in 1983-2012. If this is true, it is a great risk we as a country are taking. It will be foolish for the government to allow this to continue as the few dollars we gain through this business come at the cost of the lives of the workers at Alang. It is time the government introduced checks and balances to ensure that the shipbreaking activities in Alang are in tandem with international regulations. Also, there should be greater co-ordination between central and state agencies to implement a safety mechanism in Alang.

India should be extra cautious as European Union has recently proposed a ship recycling regulation, which seeks to remove ships from existing legislation that forbids export of hazardous wastes from Europe to developing countries.

The proposed regulation attempts to substitute existing rules with far weaker ones under a separate International Maritime Organization regime known as the Hong Kong Convention. This just shows that when India is trying hard to impose new regulations to prevent the movement of

toxic ships to their shores, EU is in a hurry to prove that Basel Convention is not applicable to them. May be an irony or an evidence of a double standards practiced by them.



PIC: MICHAEL BIACH

WHAT DO YOU THINK?

What are the right steps to regulate ship breaking? share your views.
ramprasad@gatewaymedia.in

TAMP does fair job

Dear Editor,

To begin with, I extend hearty congratulations for the contents of "Maritime Gateway", especially the August 2012 issue. The 60 odd pages cover all aspects of the industry the Magazine is intended for. However, you will have to be careful to let the voice also has audible conduit amongst the noise and slogans.

Now the purpose of this note i.e. the article on 'TAMP.' While you acknowledged in just one sentence an important point of the TAMP having fulfilled its role within the guidelines and frame of rules, the rest of the text was just about adding to the noise and rhetoric statements without going under the layers of truth.

I am putting down a few facts in support of TAMP. Formed in 1997, TAMP does not fix tariff but carries out an in depth exercise of holding consultations with all stake holders after a proposal is received from the port or terminals in Major ports. And in past 15 years amongst all authorities that play a regulatory role in Shipping there is no parallel to the manner in which this exercise is carried out. If parameters of transparency, totality, objectivity and fairness were to be applied, even staunch opponents would find it difficult to give anything other than 10/10. The TAMP guidelines allow definite return of 15 per cent on capital employed using a cost plus method. Is there any activity today in shipping where you have such guarantee of profit basis your own business plan?

If tariff were to be guided by market forces did any container terminal reduce its tariff during the worst period the industry faced or is facing? When the container carriers are winding up businesses and doing

everything possible to get that one TEU revenue, how can terminal afford to – continue its business without need of reducing rates; or show courage to refuse the traffic by reducing move count and reduce productivity; reject containers for coastal movement because that fetches little less revenue – defer invoicing till court judgment is announced and still manages its cash flow!

Above are just a few things that immediately come to mind but is sufficient to prove not just the arrogance but confidence of these terminals that they have the India's growing container trade in their grip. TERI deserves to be congratulated for formulating an extremely pragmatic and practical view of this extremely vexed issue. TERI has kept in mind the overall benefit to the trade at large and ensured that its views do not favour one or the other segment, a task which is indeed difficult. It is important that while efficiency must be encouraged and not penalized, the garb of efficiency should not be allowed to be used for the purposes of extracting money from users. You probably will find it of interest to carry out a detailed exercise on profitability of a port or terminal business in India.

Kapil P Kekre
Mumbai



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- 129 km from Paradeep Port
- 120 km from Dhamra Port
- Total area - 30 acres

For further details please contact:

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Women are slowly making their mark in a male dominated field. Numbers still may not favour women, but their achievements are no small means.

Sreekala G

WOMEN IN MARITIME RISE UP TO CHALLENGE

Women have come a long way since those days when they were forced to disguise as men and assume fictitious names, to be on board a ship. Before 1900, the only way perhaps for a woman to take part in running a merchant vessel was through marriage or being the daughter of the captain. It was the world wars (I&II) that brought in a significant difference in the lives of women seeking a career in shipping and allied industries.

Historical data suggest that in mid-1943, at the height of the shipbuilding boom, nearly 65 per cent of the shipyard workers on the West Coast were women. Shipyard work became a boon not only for white women; but for Asians, Latinas, and African Americans. As never before, women as a whole had experienced financial and social independence by the end of the war. Thus the World War II changed their lives dramatically and there is no looking back since then.

“Our industry has so much to offer for all of us! We have such a broad working field. There are not many industries I know in which you could start, as a seafarer (in the lowest ranks) and then switch your job and become a pilot or start working for a ship broker, ships agent or shipowner as a technical inspector, nautical or quality inspector or manager or work



WISTA India

Women Maritime professionals in India may soon have another reason to celebrate. WISTA is likely to open a chapter in the country this year thanks to the efforts made by Sanjam Sahi, her sister and a few like-minded women in this field. "I have been trying to start a chapter for WISTA even since I joined the industry 10 years back. At that time we had even met the then chairperson of JNPT Nerra Saggi. However, due to some reasons we could not establish the chapter. Now it is the right time to commence the Indian Chapter. Since there are a few women at middle and upper level it would be good to interact and have a forum," says Sanjam Sahi.

"If you start working ashore without sailing experience, there are so many job opportunities; including finance, human resource management, insurance and legal, to name a few."

Karin Orsel, President

Women's International Shipping & Trading Association (WISTA), International & CEO, Management Facilities Group.

at any other company related to our industry. Also if you start working ashore without sailing experience, there are so many job opportunities; including finance, human resource management, insurance and legal, to name a few," says Karin Orsel, President, Women's International Shipping & Trading Association (WISTA), International & CEO, Management Facilities Group.

Though she admits that women do not dominate any particular segment in maritime, they are present in all segments related to shipping and allied services. "There are several challenges before women in this industry. The first one is that in some countries half of the graduates are females, but in the end less than 10 per cent in Europe, 14 per cent in the US and less than 6 per cent in Asia will be found in a management or board position. There is lack of awareness among women that this is a viable career path. Also, the perception that there are barriers to women in entering this field," she points out.

She regrets that it is still challenging for female seafarers to get a job in some areas although women, who managed to get a job on board, fit in very well in their role.

Looking back, Orsel says, when she started in this industry in 1988 there were only a handful of women. "Today this number is increasing, which is good as we have a different perspective thus have an added value. Multicultural and diverse management teams perform better, having a broader view and are more profitable," she says.

Now the industry can boast of many women leaders and their achievements. The most prominent among them will be Ane Uggle, chairman of the foundation that controls Danish shipping and oil group A.P. Moller-Maersk

A.P. Moller-Maersk owns Maersk Line, the world's biggest container shipping company, and is an oil producer mainly in the Danish North Sea and Qatar. It is also engaged in tanker shipping,



Though she admits that women do not dominate any particular segment in shipping, they are present in all segments related to shipping and allied services



supermarkets and has a one-fifth stake in Danske Bank. So in effect, a woman is in-charge of decision making at the world's biggest container shipping company.

Uggle, the youngest of three daughters of Moller, who headed the foundation until his death on April 16, owns 41.22 percent of the stock and holds 50.60 per cent of the voting rights in A.P. Moller-Maersk.

Uggle had been deputy chairman since 1998 and a member of its board since 1986. She is also deputy chairman of the board of A.P. Moller-Maersk.

"In recent times with the advent of technology and mechanization more opportunities have opened up for women in the maritime and allied industries. Of the few women in the industry, some are there due to family lineage, but it has become a viable career for all women due to the advances in technology," says Sharmila Amin, one of the pioneers in Indian maritime industry.

Sharmila has been associated with the industry for about 28 years and has executed multiple projects in various capacities. She was the Head of Panprojects, South Asia- India, from 2007 -20012, the specialist project division of the Panalpina Group. Prior to this, she was involved in turnkey project management and implementation for core sector industry projects, which also included customs clearance and island transportation, for some of the major companies in the field.

If Uggle is the heiress of a family who took helm at Maersk, there are many professional women who made a mark in the industry without the help of any lineage. Royal Caribbean International for instance promoted Karin Stahre-Jansen to Captain in 2007. The Swedish mariner is the first female captain of its fleet as well as the first woman in the industry to command a major cruise ship.



ALL WOMAN CREW SAILED A POLAR RESEARCH VEHICLE IN A FIVE DAY VOYAGE

In another major feat, SA *Agulhas*, South Africa's ice-strengthened polar research vessel completed a five-day voyage from Cape Town to Durban with 34-member all woman crew in October 2010.

Women also made a major achievement in July this year, when Xoliswa Bekiswa guided the largest ship to into Port of Ngqura. The Port handled cargo from the biggest container ship - *MSC Sola* on July 8.

En route from the Far East, *MSC Sola* was guided into the Port of Ngqura by Bekiswa, the fourth black female marine pilot to obtain an open licence in South Africa. This allows her to help navigate vessels of any size and type into South African waters. The 29 year-old said this would be one of her greatest achievements both personally and professionally.

In Durban the ship was guided in by fellow female marine pilot, Bongiwe Mbambo, one of the three women who last year made history as Africa's first black, female marine pilots to obtain the open licence. Two tugs navigated by a team of all female tug masters escorted the vessel into port.

But there are no official statistics available on the number of women working in the maritime segment. "What I do know is that WISTA with more than 1,600 members on management level, globally represented in 34 countries is only the tip of the iceberg. There are many more women active in our industry," says Orsel.

The International Maritime Organisation (IMO) is also making efforts to increase the number of women in the industry and ensure parity between men and women. IMO produced its strategy for the integration of women into the maritime sector in 1988 and began implementation of the IMO Women In Development Programme in 1989, concentrating on equal access to

maritime training through both mainstream programmes and gender specific projects.

The increased percentage of women students at the World Maritime University and the International Maritime Law Institute (IMLI), Malta is one example of the "multiplier effect" of this Programme. IMLI already allocates 50 per cent of its places on its postgraduate maritime law courses to women.

IMO feels the need to attract well-trained and qualified young people to go to sea could lead the way open for more young women to become seafarers. "Shorter voyages and/or longer home leave, improved on board accommodation and facilities and proper training will work in attracting more women to the profession – but the benefits would be for all, regardless of gender," says a report based on IMO programmes.

Despite these efforts the participation of women in shipping and allied industries are skewed towards developed countries especially Europe and the Americas.

"There have been cultural drawbacks in terms of women taking to the corporate world in India, and this is true across all industries. However this trend has been changing over the past decade. The maritime industry is still in the nascent stages of getting itself organized as a sector, and the time is not far when women will choose to develop their career in the maritime industry as well," says Shantha Martin, CEO (NVOCC), Allcargo Global Logistics.

Another reason that prevents Indian women from joining maritime industry is the lack of women friendly policies. According to Sharmila, the industry is still dominated by men due to working conditions that are physically taxing and require women to be away from home for long periods. "Companies including MNCs do



ANE UGULA IS DEPUTY CHAIRMAN OF A.P. MOLLER-MAERSK

"The maritime industry is still in the nascent stages of getting itself organized as a sector, and the time is not far when women will choose to develop their career in this industry as well," says

Shantha Martin
CEO (NVOCC),
Allcargo Global
Logistics

not have women friendly policies in place and most people are skeptical whether women have the physical ability to carry out the manual labour required in this field," she says.

Initially, she also faced problems and overcame these hurdles through self-education. "Undeterred view and ambition are the only way forward for women to achieve their goal in this industry. Sheer hardwork and perseverance will help women reach the top. But, it'll be a while before we see women venturing out without any hesitation and fear. Though times are changing and many companies are hiring women we need to see the whole industry change, this can take a lot of time and effort," she points out.

Sanjam Sahi, director, Sitara Shipping, also feels most companies do not have women friendly rules and regulations. "There are very few facilities for working mothers. Most companies do not offer daycare or flexi-time options. Women often face harassment as well and there is no cell to guide them," she points out.

But she personally makes it a point to ensure that her company provides flexible time for young mothers and also give work from home options.

Sitara Shipping was set up by Sanjam's father Capt SS Sahi in 1981. Sanjam and her sister Sumeet Sahi are directors in the company and they take care of various divisions under the parent firm. [WIB](#)



Karin Orsel has been working in the Maritime Industry since the age of 18. At 23, she became one of the shareholders of the Management Facilities Group (MFG). Her present position, which she holds since 2001 after a management buy-out, is CEO and majority shareholder of the international shipping-company MFG, which partly owns and manages a fleet of 50 vessels. MFG employs approx 1,000 seafarers and 50 office staff employees. Besides running her own company, Karin is an active board member in a number of national and international associations and organisations including WISTA. She won the female entrepreneurship prize in The Netherlands in 2009 and is Ambassador of We Keep on Growing, this together with Princess Maxima of the Netherlands.

Q What was your inspiration for choosing a career in the maritime industry?

A I started working in this industry by coincidence at the age of 18 years, just like about 50 per cent of all people working in this industry. The other half is due to family ties. I had no role model that made me choose the maritime industry specific.

Q Did you personally face any challenges during your career and if yes, how did you overcome them?

A I have never faced any real challenges during

my career, I always did things my way, stayed loyal to my principles, was convinced of my knowledge and capabilities.

Q Are there policies in place to protect or ensure equal opportunities for women in this industry?

A The maritime industry is a global industry and we all have to fulfill the Maritime Labor Convention (MLC) 2006 rules. These rules are not specific for men or women but are there to protect all our seafarers. Regarding the women working ashore, rules

vary across countries. Some countries have maternity leave rules for both men and women or have a financial compensation for daycare of the children. Some countries even have quota to make sure governments or companies hire more women at board levels. Overall, though, there is no one global rule thus it differs per country and region of the world you live in.

Q What is your advice for women who want to build a career in this industry?

A First of all, it starts with the right education. If you have finished the maritime academy and know exactly what you want, it might be an idea to look for a mentor who can guide you. The positive thing of being a member of WISTA is that we are a global organisation, with quite a number of members in the Asian region. This means that we could guide, mentor and reach out to women who are familiar with all that is important to build a career in this industry.

Q How many members does WISTA have from Asia?

A In 2010 13 per cent of our total membership was from the Asian region. We expect our Asian membership to increase and are discussing to start up in Indonesia and Vietnam. Presently we have National WITA Associations in China, Hong Kong, Singapore, Philippines and Japan. 



Karin Orsel

Shantha Martin has over 17 years of work experience in various industry sectors. Though she says it was not a planned choice to enter the field of logistics, this MBA graduate in marketing has already made a mark in the industry. According to her, logistics is a very dynamic industry with full of opportunities to develop creative solutions and provides a global platform to operate in. Currently, she is the CEO – NVOCC at Allcargo Global Logistics.



Shantha Martin

Q What are the opportunities that exist for women in maritime and allied industries?

A I believe there is opportunity for women in every field and more so when we have come a long way in terms of gender equality. The maritime industry with its allied areas is no different. Women by nature are more profit conscious, meticulous and good at multi-tasking. They are also more flexible and are organised. This augurs well with the ever increasing demands that occur in the maritime industry more as one has to deal with lot of external factors like customs, shippers, regulators, unpredictability in weather etc on a day-to-day basis.

Q How easy/difficult is it for a woman to become a leader in this industry?

A Leadership is not about being a woman or a man, it is about demonstrating leadership. You need to have clarity of where you want to go, be able to take the team along with you and always stay focused as a leader. To become a leader you need to prove your worth as a leader, so in my view being a woman does not bring in any advantage or disadvantage in becoming a leader in any industry.

Q What was your inspiration in choosing this career?

A I am an MBA graduate in marketing, and have worked in different sectors, logistics came my way and I took it up the way I would

have taken up any other sector. One may say that I did not have to inspire myself to choose this career. Having come here I must say that it is a very dynamic industry with full of opportunities to develop creative solutions and provides a global platform to operate in. Also since this industry is fast emerging, it brings with it several opportunities to develop and launch new services for your customers.

Q What do you consider as your major achievements in this field?

A My major achievements have been in terms of growing the business, nurturing innovation, and developing entrepreneurial leaders

within my team. I have been able to grow the business to ₹400 crore topline for the region of ISC and Middle East, a team of 650 people, spanning 34 offices.

Q Do you think most companies in this field have women friendly rules and regulations or do you like them to improve?

A Like I said the corporate culture is fast evolving, and the work environment is good for the career-oriented women. It is upon the women to carve out a niche for themselves, rather than seek reservations, special rules and regulations. Such endeavours would only alienate the leadership seeking woman, from an environment that offers a fair chance of leadership. 



Port congestion hits grain exports from India

Congestion at ports is becoming a major problem for Indian grain exporters, who are planning to cash in on rising global demand and falling rupee.

Breaking infrastructure at ports is set to throw food grain exports from India out of gear. This will dash hopes of the country's exporters to cash in on the government's permission to export 2 million tonnes of wheat and non-basmati rice. Besides,

it will also hit corn exports from the country, which is expected to touch 3.5 million tonnes this year. "Some shipments are facing delays of around 15-20 days at Visakhapatnam and Kakinada ports on eastcoast of India. It will create problems for buyers who are short in supply," says a trader from

South East Asia. While lack of berths was leading to delays at the Vizag Port, insufficient barges was holding up operations at the Kakinada Port. "Loading is very slow at Kakinada and the monsoon season will only worsen the problems," said the trader. Rising global demand due to dry weather conditions prevailing in major producing countries and surging stocks in India have forced the government to relax norms on rice and wheat exports. Besides, a low rupee was also expected to help Indian exporters. But a delay at leading ports in the country will trigger other countries to step in and take advantage of the opportunity.

Indian exporters fear that by the time port traffic comes back to normalcy they will lose out on price advantage. "Rising global supplies will weigh on prices by the time port traffic returns to normal in two or three months," says an Indian exporter. At Kandla, a major port of grain on westcoast, the waiting period has gone up to about 20 days. Its neighbouring port Mundra also suffers from similar congestion problems. While port officials say delays are normal at Indian ports, they admit this time inward cargoes in major ports like Kandla and Mumbai have affected exports of various agriculture commodities.

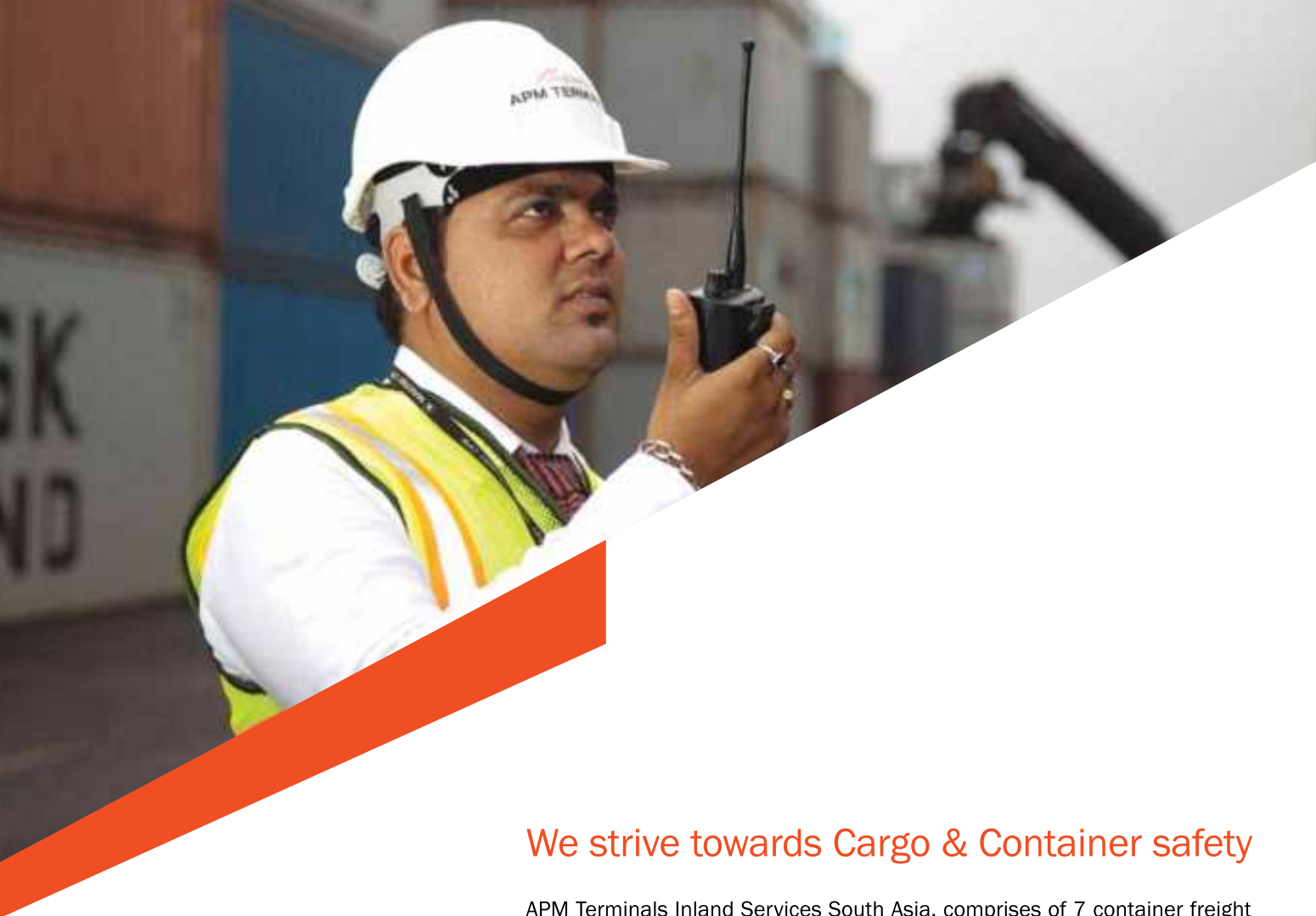
Despite below-average monsoon rains, state-run trading companies in the country have floated tender to export wheat and now they also face losses due to the inability to meet demand on time. Though the Indian government said it was keeping a close tab on the conditions prevailing in the Indian market to take a

decision on continuing export relaxations, continued supply from the country could provide much-needed relief to a global market that had seen prices rise to multi-year highs following dry weather in the US, the Black Sea region and South America.

The opportunity to export comes as India's grain warehouses are overflowing after two successive years of bumper crops. Nearly 6 tonnes of wheat is stored in the open because of a lack of storage space, making it susceptible to spoilage. And port congestion and export delay will act as a double whammy to Indian exporters. Some millers in Indonesia for instance bought wheat from India after a month long gap.

The situation is no different in the case of rice and corn. Corn buyers in Asia, who account for just under half of the world's imports, would suffer due to delays at ports. Most importers are not covered for October-December shipments. Vietnamese buyers are seeking grain shipments as Asian importers trickle back to the market with no let up in the U.S. drought. As the government does not want to adopt a start-and-stop approach to exports to avoid sending wrong signal to the international market, it has allowed additional exports of wheat from the eastern port of Krishnapatnam also.

Port officials say the solution to the congestion problem lies in the development of infrastructure at ports. "Traders prefer their cargo to land in a few ports where the land connectivity is relatively better and this can also lead to congestion," says a private port official. 



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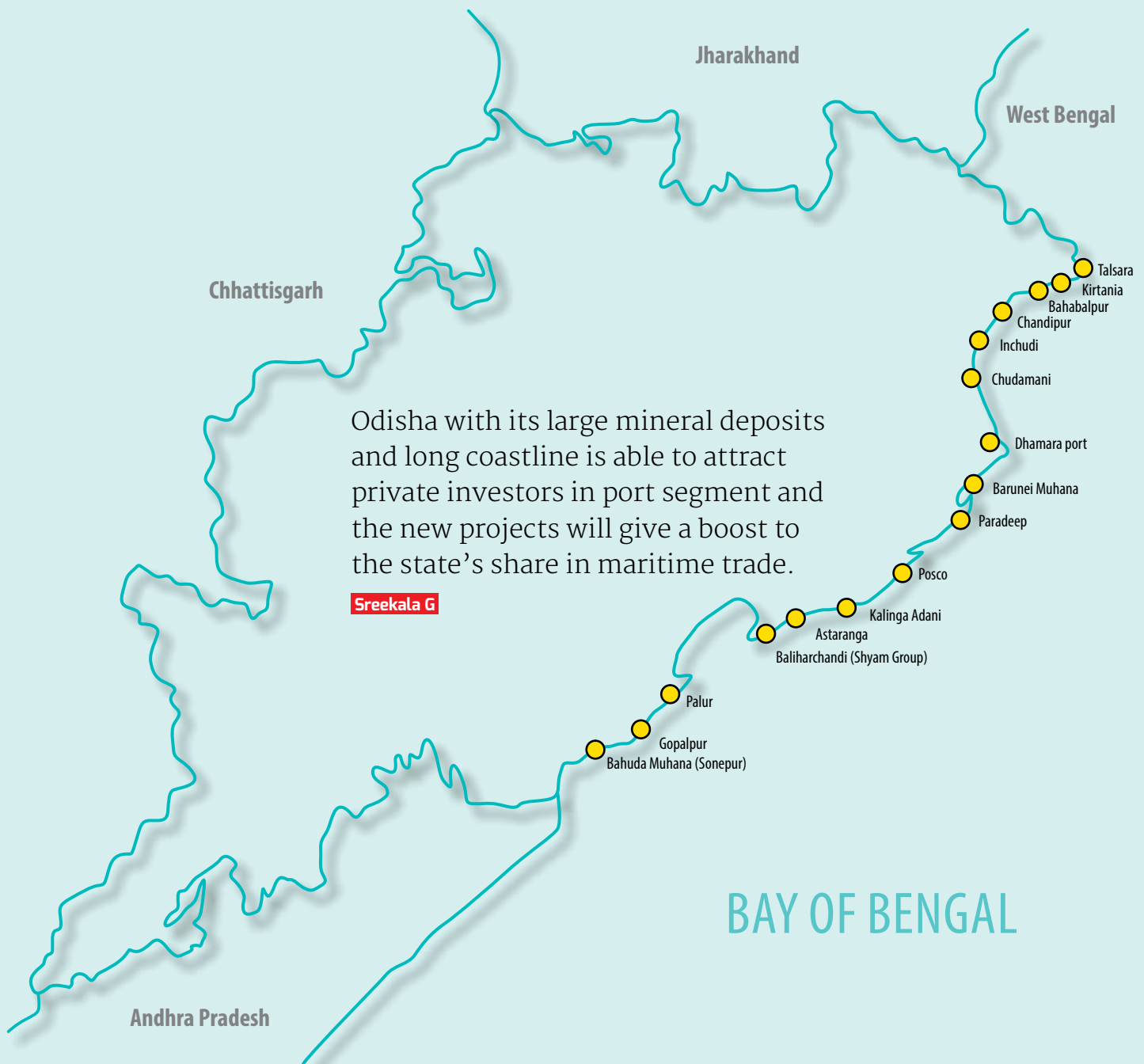
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Port sector in Odisha set to grow



The Odisha government is making all out efforts to attract private investment to port sector. The state with a coastline of 480 km, has identified 12 locations to develop private ports. Taking a cue from other maritime states like Gujarat and Tamil Nadu, it has also set up a maritime development board to plan, direct and implement an integrated development approach in the state, with private sector participation.

Odisha enjoys the advantage of having natural, strategic and unique port locations. Besides, Odisha has a vast hinterland generating cargo, comprising of the developing eastern and central Indian States. Exports and imports of food grains, mineral sands, raw materials, finished goods, fertilizers and edible oils and petroleum products, by the large industrial houses located in the hinterland offer long-term potential for cargo. Any economic development taking place in the hinterland states would have a direct bearing on the ports in Odisha. The transportation of mineral cargo on land is also expensive and access to a port within a reasonably distance is of great importance to the growth of mineral based economy which is dependent on exports and imports.

Odisha has also managed to attract major investments in steel segment including South Korea's POSCO, the country's largest foreign direct investment project. Other leading players in the segment including Vedanta, Essar and Tata also have lined up their investment in the state. These projects are expected to ensure steady supply of cargo to private port operators. This has also prompted industrial houses like Jindal Group and Tata Steel to become stakeholders in port projects. The group will pick up stake in Gopalpur Port in the state, which is a 50:50 joint venture between Sara International and Orissa Stevedoers Ltd. Gopalpur Port will be commissioned in February next year. Tata Steel is a partner of Dhamra Port Company in Orissa. Besides Gopalpur, the state had signed an agreement with the Aditya Birla Group in 2009 to develop a sea port on build-own-operate basis at Chudamani in Bhadrak district at an investment of ₹1,500 crore.



The projected capacity of the port, is 3 million tonnes per annum in the first phase and this will gradually be expanded to 10 million tonnes per annum. As per the agreement, the Chudamani port would have two berths, and would handle bulk cargo such as cement, aluminum, iron ore, thermal coal, limestone, gypsum and copper. The port would be connected by a rail corridor from Markona station to its site, said an official of the state government.

In January 2012, decks were cleared for another non-major port at Subarnarekha river mouth in Balasore district with the expert appraisal committee (EAC) of the Union ministry of environment & forests (MoEF) giving green nod for the project. Chennai-based Creative Port Development Ltd had signed an agreement for this project in December 2006 and entered into a concession agreement on January 11, 2008. Odisha already has a private port functioning on its coastal line – Dhamara Port – a joint venture between Tata Steel and L&T. Commissioned in May last year, the port expects coal to be its main driver of growth with 30 GW of coal-fired power generation capacity coming up in the country by 2017. The first phase of the port is primarily for dry bulk cargo. Dhamra plans to cash in on the growth of mineral based industries

in Odisha, Jharkhand and West Bengal, hitherto affected by congestion in the existing ports. The decreasing draught of Kolkata Port and increasing congestion in Paradip could help the new port, according to a port official.

This trend is already visible considering that Paradip Port Trust experienced a fall in cargo throughput. The major port handled 54.25 million metric tonnes of cargo in 2011-12 as against 56.03 million metric tonnes of cargo in the previous fiscal. While the shortfall is partly attributed to slump in export of Iron ore due to the restrictions imposed by Odisha state administration to curb illegal it also lost parts of its cargo to the private port Dhamra. Despite the advantages, private investors cannot expect a smooth ride in Orissa. They could face challenges in terms of environmental clearances, tribal issues and Maoist problems. POSCO's steel project for instance is yet to take off while its captive port plan had to be shelved due to environmental concerns.

However, most investors are not deterred by these challenges, which is evident from the quantum of investments the state has managed to attract in the past. Perhaps, the reward waiting for them after a long battle for clearance is too big to lose. **mg**

The new gateway in Odisha

Gopalpur Port will start operations in March 2013 and cater to the mineral rich hinterland of Odisha, Jharkhand and Chhattisgarh.

Gopalpur Port is set to become the preferred maritime gateway to ship the raw materials required for steel and power plants in Odisha. The port, considered to be one of the most environment-friendly facilities in the region, is developed by Orissa Stevedores Ltd (OSL).

The Orissa government decided to develop the minor, seasonal port at Gopalpur into an all-weather port and awarded the project to OSL, in September 2006. As per the agreement, the partners would develop and operate the port for an initial period of 30 years and extendable by another 20 years.

Gopalpur Port Ltd (GPL) will serve the mineral rich hinterland of Odisha, Jharkhand and Chhattisgarh. The port facilities are being developed to provide the lowest cost and most efficient option for users in this area. The port will be developed in three phases.

“The first phase of development will have three deep-water berths with two dry bulk cargo berths and for break bulk cargo berth. All berths will be capable of handling 120,000 DWT vessels. The channel will have a depth of 18.5 m and a width of 200 m while the turning circle will have a depth of 17.5 m and a diameter of 600 m. The berths will have a depth of 18.5 m. To protect the berths and harbour facilities, a 2,400 m long southeast breakwater and a 425 m long north breakwater are being developed to ensure required tranquility in the harbour for all weather operations,” says an official of GPL.

The master plan envisages 15-20 berths with three separate harbors to enable segregation of cargo as needed. The later stages of development would see a

3,500 m breakwater for protection of all the harbors. The port will also be able to reclaim land south of the breakwater and use it for bulk storage.

The port is scheduled to start commercial operations in March next year. By then, it will have three berths – one for coal, one for iron and a multipurpose one.

Environment-friendly port

GPL would need around 783 acres of land for its phase-II construction, which is expected to be completed by March next year. “While around 393.67 acres of land has already been handed over to the GPL, the remaining portion, including 130 acre private land, will be acquired soon. The state government has promised to provide the land required for the port expansion,” says a GPL official.

Gopalpur Port is being developed on a 4-km stretch of coastline, which is devoid of vegetation. “The land to be acquired for port expansion is mostly the degraded area which has been mined out by Indian Rare Earths Ltd. The Port management has taken a view that no industrial activity shall be allowed on the Port premises. There shall be adequate facility to recycle and treat the industrial and sewage waste,” says the official.

Gopalpur is a natural port, ideally located and topographically suited deep sea ports, on the east coast of the country. At the end of the development project, the port stretched across 4 kilometre, will be able to handle capsize vessels.

The Port does not have any connectivity issues. Located along side NH 217, which is connected to NH 5, it does not need any large scale road development. A railway line also exists on the boundary of the port, which is sufficient for a long period and would not require expansion.

“It is expected that in the coming years the total cargo traffic generated by the hinterland could become double or even triple due to rapid industrialisation especially in the steel and power sector. As the major ports in this region are facing limitations on water front and storage area, their expansion is expected to take longer time and will be costlier due to land availability and rehabilitation issues. Hence the new



OSL GROUP, PROMOTERS OF GOPALPUR PORT HAS MORE THAN THREE DECADES OF EXPERIENCE IN HANDLING CARGO

ports that can cater to both the captive and multi-user, are a necessity to handle the huge expected cargo growth in the hinterland,” says the official.

Advantages & opportunities

Site for Gopalpur Port is technically better to build a multi handling port than other sites in Odisha. At Gopalpur site, the 10 metre contour line just falls at around 500 metre from the shore line. There is minimal dredging requirement and being a new port it can offer better services by installing the latest equipment and setting up the most robust material handling agreements. Paradip and Visakhapatnam Ports, both major ports, are located at a distance of 160 km north and 260 km south respectively of Gopalpur.

The port is also looking at cashing in on the growing demand for steel in China and India. “Rapid industrialisation has fuelled the demand for steel in China. Even if Chinese demand slows down due to weakening global economy, India’s growth alone is expected to

“It is expected that in the coming years the total cargo traffic generated by the hinterland could become double or even triple due to rapid industrialization especially in the steel and power sector. As the major ports in this region are facing limitations on water front and storage area, their expansion is expected to take longer time and will be costlier due to land availability and rehabilitation issues.”

create huge demand at least for the next decade fueling huge capacity creation in the country. Odisha could play a major role as the country’s largest iron ore reserves are in the state and most of the steel capacities are coming here. Steel capacities will not only fuel the consumption but also import and export of raw materials and finished products. This makes strong business case for an additional port in the eastern coastline apart from Paradip, Vishakhapatnam and Haldia,” says the GPL official.

That India will continue to attract various promoters from all over the world as it has got sufficient iron ore mines which are yet to be tapped and have the capacity to fulfill the global demand. Moreover, in India, the per capita, is slated to grow in near future.

Besides, the strong and varied background of the promoter is an added advantage to the port’s growth.

Orissa Stevedores is renowned port stervedores and has a presence in nearly all the ports of east coast of India. As they are already in the port operations (stevedoring and handling) business, they are expected to be aware of the real needs of the port users and hence address the same. They have the expertise and skills to do the stevedoring operation in an efficient way and also capable of handling the port operations.

Facilities

GPL has planned the installation of state-of-the-art material handling equipment at berths. These include grab unloaders, loaders, mobile harbour cranes and conveyors. This cargo handling equipment will enable the port to achieve one of the highest loading rates in India. The port aims to achieve handling rates of 40,000 TPD for coal and 60,000 TPD for iron ore.

Gopalpur Port will have adequate stack yard space for storage an iron ore stack yard of 300,000 tonne capacity and coal stack yard of 600,000 tonne capacity have been planned, with provision for upgradation as per the traffic growth. Besides the open stack yards, there will be 15 covered sheds with a total area of 12,000 sq m for storage of break bulk cargoes.

“Quick evacuation of the cargo would be through a two-lane road upgradeable to eight lanes in future connecting national highway NH-5 six kilometers away. An effective rail network within the port will enable faster evacuation of cargo. Both the rail and road corridor within the port are being planned in a dedicated corridor that will run adjacent and parallel to the stack yards behind the berths,” says the official.

All these facilities will be controlled through management practices that will match international standards. The port would also meet international environment protection and safety norms. An enterprise wide ERP will enable smooth communication flow and real-time monitoring of the facilities and vessels.

The port is well on its way to meet these commitments and in fact have already loaded a 50,000 tonne parcel in January 2007. 

Port Distances in KM (Rail)

District	Gopalpur
Angul	251
Bhilai	748
Bokaro	772
Burnpur	675
Cuttack	178
Dantewada	680
Dhenkanal	190
Durgapur	725
Jagadapur	573
Jagatsinghpur	204
Jaipur	250
Jamshedpur	605
Jharsuguda	455
Kalahandi	461
Keonijhar	353
Kharagpur	471
Koraput	468
Kobra	644
Mayurbhanj	460
Raigarh	527
Raipur	716
Rayagada	368
Sambalpur	406
Sidhi	814
Sundargarh	557

Q OSL has been in business for more than 35 years now. What is the group's current business focus?

A OSL began its operations in 1976 in a humble way. Today we have diversified a lot. We have gone into education, hospitality, plantations, steel manufacturing and trading.

As expansion strategy, we plan to own few vessels. OSL handles about 70 per cent of traffic at Paradip Port. Today the major business is import of coal. Several steel companies are importing lot of coking coal from Australia and China. Users who import quantity of coal of 9-10 million tonnes on regular basis will anyway charter ships. So, after the commencement of operations at Gopalpur Port, we thought it is logical to have our own ships.

Q You have operations at almost all the ports on east coast. What kind of cargo is handled?

A We mainly handle coal, fertiliser and to some extent Hot Bricketted Iron (HBI). Some cement companies on the coast are importing magnetite from China. Every month Mahanadi Coal Field procures 40 million tonnes of coal and it is transported to TNEB and APSEB. So we move coal as coastal cargo also.

Q How things at major ports have changed in the last three decades?

A Lot of mechanisation has come in. Labour wages have skyrocketed during the last three decades making



Mahimananda Mishra
MD, Orissa Stevedors Ltd

the conventional handling of cargo unviable. Of course, we have not gone to that level of mechanisation where complete cargo from the vessel is evacuated mechanically. I think government will slowly discontinue the expensive workforce. In Paradip the original workforce of 5000 has now come down to around 2000.

Things are different at Vizag Port. In the port there are not enough stockyard and storage facilities inside the bonded area. So the port allows all users to take their cargo outside the port limits where most of the dock labour is not engaged. That is why Paradip Port is more expensive than Vizag. You do not find any private stockyard within 20 km vicinity of Paradip Port. So everything is kept inside the port only making the cost of handling high.

Now OSL group is planning to construct warehouses in Paradip.

Q With several challenges at major ports how could OSL create records in cargo handling?

A Yes. We did create some records in yester years when discharging a vessel and dispatching the cargo to the

destination was completely through manual processes. It was possible through the demonstration of sincerity and ability to coordinate well with all departments involved. Today with 70 per cent mechanisation, it depends more on how best you can maintain equipment. At OSL, we do not hire any equipment. All the equipment is owned by us. If people involved in the entire chain of operations are looked after well, things would happen automatically. Our main strength is our workforce. Out of the 8,000 employees we have all over the country, around 50 per cent have been working with us for more than 15 years now. About 1,000-1,500 seniors have been around in the company for more than 20 years. It is the team spirit that is maintained in the company.

Q What is the status with Gopalpur Port? What are the unique features of this port?

A The port should be commissioned by March 2013. That is the timeframe given by Government in the concessional agreement and I am very sure that we will not ask for any extension. North breakwaters is 80 per cent complete and intermediary breakwater is totally complete. In south breakwaters out of 2,000 metres we have completed 1,200 metres. The berth which will be ready can take at least two Panamax. Dredging contract will be floated shortly. We would maintain 18 metre draft.

The port has a location advantage. We are between Vizag and Paradip. Vizag today has a waiting period of 7-8 days. At Paradip the waiting is little more at 10-12 days. So vessels going to Vizag and Paradip can discharge their cargo at Gopalpur port without any waiting period. Moreover, this being a State Government Port the cost of labour is lower than the two ports mentioned. So being sandwiched between Paradip and Visakhapatnam is turning out to be advantageous. Another factor is our earlier partner Sara International's stake is being taken over by Jindal's. Jindal's captive cargo alone is 20 million tonnes. They are setting up a 10 million tonne steel plant and also power plant at Angul. 

Q&A Incorporated in 1978, Orissa Stevedors Limited (OSL) is one of India's leading stevedoring companies with substantial presence in almost all the major ports across the country. Scion of an aristocratic family of Odisha, **Mahimananda Mishra**, managing director of OSL, is a dynamic businessman and a self made entrepreneur. Apart from End to End Logistic Solutions, Port Development and Mining OSL Group has also forayed into the field of hospitality, media productions, aviation, education, manufacturing of LAM coke, Steel Re-rolling mills, health care, sugar production and authorised wholesale distributors and stockists for a number of leading FMCG products and leading MNCs in the state of Odisha among the many other avenues that OSL has a presence in. In this interview Mr Mahimmananda Mishra talks about OSL business focus, developments at Indian Ports and progress at Gopalpur Port.

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Q&A Despite the sluggish trend, CONCOR reported moderate growth. CONCOR, a leader in container business with lion's share of the market, is expanding into freight terminals and logistics parks. **Anil Kumar Gupta**, Managing Director, CONCOR speaks to **Ramprasad** on the future plans.

Q Given the current economic scenario, with moderate growth in EXIM business and sluggish domestic volumes what is the business outlook?

A I am not so pessimistic about current year. Even though growth is yet to revive, I am quite optimistic that Exim (export and import) trade will bounce back. We should be able to achieve 10-12 per cent growth in the entire year. First quarter was quite normal and I expect growth to pick up in the remaining quarters. But exports are a problem. There is worry about current exports not being sustainable because of competition and some structural problems. We are quite hopeful that we will get over this phase. Imports are in any case growing and we believe exports will also follow the suit. Domestic business, however, is an issue as this segment showed a drop in revenue last year. The entire industry experienced this fall in business due to some policy prescriptions for notified commodities. The Railways has now made some welcome changes, which have become effective from July 1. So I expect in the remaining three quarters, domestic business to reach at least the level of last year if not surpass that. I think 5-6

per cent growth in domestic business is feasible based on last year's base.

Q How do you plan to move more cargo through rail transport?

A While ports handled 9.9 million teu of EXIM trade last year, cargo which was moved through rail was around 2.5 million teu. It is less than 25 per cent of the total trade. We believe, at least 40 per cent of the remaining cargo can be transferred to rail. But we know that there are different factors responsible for the cargo penetration. I expect cargo penetration to increase 28 per cent from the existing 25 per cent. For further increase in share, we have to sort out many issues like imbalance of imports and exports, making inland movement faster, handing over containers back to shipping lines much earlier etc. The only way to increase domestic cargo share is through hub-and-spoke system. CONCOR was successfully following up this system till two years back when the Railways put a stop to it. Now the Railways has agreed to revive the hub-and-spoke policy. We have requested the Railways to declare a large number of points as hub and spoke. We are awaiting their declaration of those centres. Once we have this



LOOKING BEYOND CONTAINERS

system operational, rail share in domestic cargo will improve.

Q CONCOR seems to be expanding from rail freight business to value added services by setting up infrastructure like logistics parks, cold chain infrastructure etc., Can you elaborate on these activities and how these will position CONCOR in the market place?

A We are expanding our scale of activities. CONCOR handles containers by rail which is our primary business. Now the Railways has brought in policies like special freight train operator (SFTO) and private freight terminal (PFT). We also want to handle cargo other than containers by rail. To achieve

this, we are setting up logistic parks and PFT facilities, where we can handle containers as well as non-containerised cargo. As a result, we will have more capacity utilisation of our forthcoming facilities. Considering that the cost for these facilities will be common, services can be offered to customers at attractive rates.

Besides, the railways faces a big constraint today in terms of goods shed capacity. With Railways goods sheds have critical capacity problems and the Railways insists users to remove the cargo before a particular time, beyond which wharfage will be levied. There are very few customers, who can move a full rake cargo out of the goods shed in one day. Those customers who are unable to move their cargo, ask their agents to shift it to some interim location. And from here, cargo is moved to the factory depending on how much the factory can absorb in a day. This interim movement of cargo involves additional cost. What we

are trying to do is providing facility for long term storage as well so that users do not incur this additional cost. So our logistics

- Achieved 6.15 per cent growth in EXIM business
- Handled 5.32 lakh TEU
- Domestic cargo 96,346 TEU
- Increase in traffic came from Mundra Port operations
- Current Market share 76.3 per cent
- Plans to spend ₹6,000 crores during five years period of 2012-17



We also want to handle cargo other than containers by rail. To achieve this, we are setting up logistic parks and PFT facilities, where we can handle containers as well as non-containerised cargo. As a result, we will have more capacity utilisation of our forthcoming facilities.



parks will have facilities for handling bulk, container cargo, warehousing of cargo as long as a customer wants and delivering of cargo as per the requirement of a customer. This should bring down the overall logistics costs.

Q Have you identified any locations to set up these facilities?

A We have already developed two facilities last year. One is at Khodiyar in Ahmadabad. Earlier, we had our ICD at Sabarmati which was chock-a-block. Now, we have made the ICD a part of the logistics park. With the shifting of ICD, we are able to do large volumes. We are also making provision for other facilities in that logistics park.

Second such facility is located in Nagulapally in Andhra Pradesh. We had capacity problems at Sanathnagar. For the time being, we shifted our domestic cargo from Sanathnagar to Nagulapally facility which has released more space for handling Exim trade. We are acquiring more land at Nagulapally and we have received clearance for a PFT there. Besides, we are looking at setting up about six such facilities.

Q How successful CONCOR is in moving farm produce?

A We have a subsidiary company called Fresh and Healthy enterprises Limited. This has been operational for the last four years. This business is very special and difficult as it depends on vagaries of weather and production. The company is yet to witness stabilisation in business and this year, we expect to be profitable from these operations.

Anil K Gupta
Managing Director, CONCOR

We are primarily concentrating on apples. But we will handle other commodities also. There are some chambers, which we have leased out for organic rice. These will help users to store rice in pure conditions without adding any pesticides. This rice is being exported at premium prices. We are looking at expanding our operations in this segment. Ministry of Agriculture is very happy with the operations of this facility and declared it as a national agency giving the same status as National Horticulture Board.

We are now doing some scientific studies on storing other commodities and will come out with expansion plan to increase our network. We want to focus on this segment as India currently loses about 30-35 per cent of fruit and vegetable produce per annum due to lack of storage facilities. In value terms the loss will be about ₹60,000 crore. We plan to help promote this sector and we hope other companies will follow our success story as CONCOR alone cannot address this problem.

Q CONCOR has recently connected to several new private ports. How is this helping in increasing the business? Any more connectivity plans?

A CONCOR is in a business where connecting to any port is a priority requirement. We are very keen to offer services at new ports that are coming up. Operators, who develop these ports, also know that they will be successful if they have rail connectivity. Last year, we started dialogues with Krishnapatnam and Karaikal ports in South. Both were very positive. Krishnapatnam Port has developed an excellent infrastructure. About six months back, when Chennai Port faced congestion problems, lot of companies were looking at alternatives. So we provided connection between Chennai and Krishnapatnam. Our facility at Tondinur is now declared as Inland Container Depot (ICD). We



are now geared to move a lot of cargo and I understand there are many enquiries to Krishnapatnam Port from ship owners.

Second is Vallarpadam. If the cabotage law is relaxed as expected, volumes will grow. There is a great demand for running trains from Vallarpadam to other ports. Instead of taking cargo from Vallarpadam through feeder services, users want to move the cargo by rail to Chennai. We are also looking at direct clearances from Vallarpadam up to Nagpur.

Q Sometimes cargo is shifting from one port to another because various reasons. Either due to congestion or not finding enough cargo. How does it affect your business plans?

A This shift can happen, especially when the international business is not growing fast. As a result, your share will go down at one port at the expense of the other. But this is a momentary phenomenon. The penetration of rail freight movement up to 30-35 per cent will erase this problem. If some cargo for instance moves from JNPT to Mundra, someone else will occupy that space because growth in trade will require that slot.

Any addition of port capacity is welcome. It might seem some shifting of cargo temporarily but with the growth in cargo volume will balance out this anomaly.

Q Are there any issues that you feel can improve the efficiency in value chain?

A One of the main issues that is being faced by all



“ Krishnapatnam Port has developed an excellent infrastructure. About six months back, when Chennai Port faced congestion problems, lot of companies were looking at alternatives. So we provided connection between Chennai and Krishnapatnam.

”

Container Train Operators (CTOs) is heavy export-import imbalance. Naturally, if you are a shipping line and there are lot of imports, containers lie in the hinterland and you will not invite more imports going into that hinterland.

Year before last, when the exports have gone up, the gap was pretty narrow. But again last year, the gap became big. This implies that a lot of empty running has to be planned. CONCOR alone spends ₹150 crore in running empty wagons. Some imbalance is created by shipping movements also. Today, we have much more exports to Mundra than imports. So we run exports to Mundra and carry empty wagons to Pipavav or Mundra to JNPT. This is an unnecessary cost, which gets added to the overall freight cost. If this imbalance is sorted out, we can reduce the rates and invite more and more people to come into hinterland.

Second area that needs attention is shipping line or its representatives giving schedule for the release of units. Today with not much space being available in hinterland, everyone tries to retain the container till the cargo is taken by the shipper. Often there could be situations where the timelag between imports and release of container getting longer. Today, there is problem of scrap containers due to fall in rupee. There are many scrap containers imported by traders, lying in our ICD for want of clearance because of adverse situation. As a result, not only the trader but shipping lines are also affected as the earning value of container is going down. Some strategy has to be evolved to sort out this problem. For a shipping line, if it brings container to hinterland, it means number of days it can account for its rate. If it is 12 days it should be out in 12 days. But if it is uncertain, next slot it will not be feasible for shipping lines to bring the containers to hinterland. If these small issues are addressed it will encourage shipping lines to come into hinterland. **MEB**

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DREDGING AT MAJOR PORTS SLOW AND SENSELESS



The drafts at major ports have historically been very low and not commensurate with the developments taking place in the world in terms of change in ship sizes, higher parcel sizes and changes in cargo trends. Capital dredging projects neglected, maintenance dredging is poorly managed. What ails Indian dredging industry?

Vijay Kurup



“We have been dredging and dredging but silt keeps on coming; there doesn’t seem to be any end to it. What can we do about it”

– comment from a company representative involved in dredging at one of the major ports.

Lack of navigable depth has been the biggest challenge faced by major ports in India. Large ships continue to avoid visiting these ports except in Chennai, New Mangalore and Visakhapatnam. Vessels coming to Haldia needed to be lightened to gain access to the port. Navigability in the Hoogly river continues to bedevil any solution despite the investment of enormous amount of money on maintenance dredging.

Capital dredging projects at Haldia and Kolkata have remained neglected and poor management of maintenance dredging threatened navigability at these ports. Maritime trade lost an estimated amount of ₹1,400 crore per year on account of pre-berthing detentions. These issues were caused due to lack of specialised berths, resulting in congestion of vessels.

What ails the Indian dredging industry? The 11th Plan target for capital and maintenance dredging had been 672 and 430 million cubic metres (MCM) respectively, of which only 278 MCM and 291 MCM could be dredged – approximately 41 and 68 per cent. “The pace of dredging has been inadequate and needs to be greatly expanded,” acknowledges the 12th Plan report.

Dredging in India has been slow despite the vast potential. Dredging Corporation of India (DCI) which has been mandated by the government of India to conduct capital and maintenance dredging at the various ports, has not been able to achieve the required draft needed to accommodate larger container vessels has been beset with ageing vessels leading to frequent breakdowns, exodus of manpower from its portals and plummeting profits. A Parliamentary

Standing Committee has pointed out in its latest report that DCI has not been able to procure any new dredging machinery in the last nine years.

The minister of shipping GK Vasan had said that they were “trying to achieve 14-metres draft in all the major ports and 17-metres draft in the hub ports in India. The dredging requirements both capital and maintenance of the Indian Ports would go up substantially and Dredging Corporation of India would continue to be a major player in this area.” The dredging requirements, both capital and maintenance, are huge which DCI on its own steam has been ill equipped to handle it thereby forcing foreign companies to enter the market.

The Government of India has formulated a Dredging Policy for protecting Indian Companies according to which policy Indian companies owing Indian Flag Dredgers, including Dredging Corporation of India Limited, shall have the right of first refusal in a dredging tender if the rate quoted by them is within 10 per cent of the lowest valid offer.

Maintaining adequate depths at all times in our ports is going to be crucial in the coming years. It is now the era of large vessels. In the liner trade terminals world over are gearing up to



accommodate the new generation of ultra large container vessels, which bring in economy of scale and are compatible with the IMO conventions. The top 10 shipping lines have gone in for unprecedented number of ultra large container vessels. While capital dredging will lead to further deepening of ports to accommodate the large vessels, regular maintenance dredging will be required to ensure a continued efficient operation of port capacity.

As in all projects which affect environment, the ministry of Environment and Forest have stringent dredging conditions. According to the environmental management plan, the dredging should only be conducted if necessary, and based on an assessment of the need for new infrastructure components or port navigation access to create or maintain safe navigations channels or for environmental reasons, to remove contaminated materials to reduce risks to human health and the environment.

Today there are no less than 14 Indian and foreign companies involved in dredging operations in India. The foreign or the private dredging companies have its advantages, though it comes with a cost. They bring in

newer vessels technologically superior with a host of supplementary benefits. Owing to the vast differential coastal topography, the dredging vessels operating in the Indian waters need to be versatile in its operations. The east coast differs significantly from the west coast. The design of the dredging vessels is dictated by factors such as climate, current and tidal range. The ambient temperature can vary from 120 centigrade to 450 centigrade with water temperature reaching up to 350 centigrade.

The spokesperson for IHC Merwede Holding B.V. who has been doing business for more than 75 years in India said, "We have a RIO (regional IHC Office) in Mumbai, from where we provide Life Cycle Support ranging from inspection, predictive maintenance, corrective maintenance (repairs) and renovations. The workforce of our Mumbai RIO is expanding with additional mechanical, electrical and hydraulic engineers." The vessels can be modified to suit Indian coastal conditions.

India would do well to tap the foreign sources who have long established themselves in this field. There is hectic dredging activity, unprecedented in

scale, around the Indian subcontinent. If India does not step up the pace of dredging, the major ports would continue to be mere feeder ports for the transshipments hubs in Colombo, Malaysia, UAE etc. There is sufficient space both for the private companies and the DCI to work together to bring the India ports to a level to accommodate the next generation vessels. **UNIG**

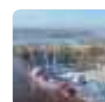
DREDGE REPORT



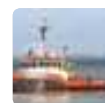
UNDER 12TH PLAN all the major ports would undergo 221 million cubic metres of capital dredging whereas the minor ports would be having 418 million cubic metres. Both the major and minor ports are expected to have maintenance dredging of over 500 million cubic metres.



COCHIN PORT is contractually bound to give a depth of 16 metres to DP World to help the firm bring bigger ships to the ICTT. The ₹525 crore channel deepening work, funded entirely by the government, was scheduled to be completed by October 2010. Two dredging companies slipped on their schedules even after extensions.



INDIA'S MAJOR PORTS plan to spend as much as ₹10,000 crore till 2020 to deepen and maintain shipping channels to accommodate bigger vessels, according to the maritime **Royal Boskalis Westminster N.V.** has acquired a contract with port operator Jawaharlal Nehru Port Trust (JNPT) for deepening and widening the port and access at a total value of approximately EUR 175 million. The dredging work will commence in September 2012 and is expected to take two years to complete.



INDIA'S DREDGING market is estimated to be worth around ₹20,000 crore over the next five years. Globally, the market is worth \$14 billion (₹58,660 crore) annually. Half of the global market Four Dutch firms—Royal Boskalis Westminster NV, Van Oord Dredging and Marine Contracting Co. NV, Dredging International NV and Jan De Nul NV—control 70 per cent of the open market.



DREDGING INDUSTRY battles manpower and vessel shortage. As against the requirement of 1,000 professionals in the next 3-4 years, at present there are less than 100 people in the country who can navigate dredgers.

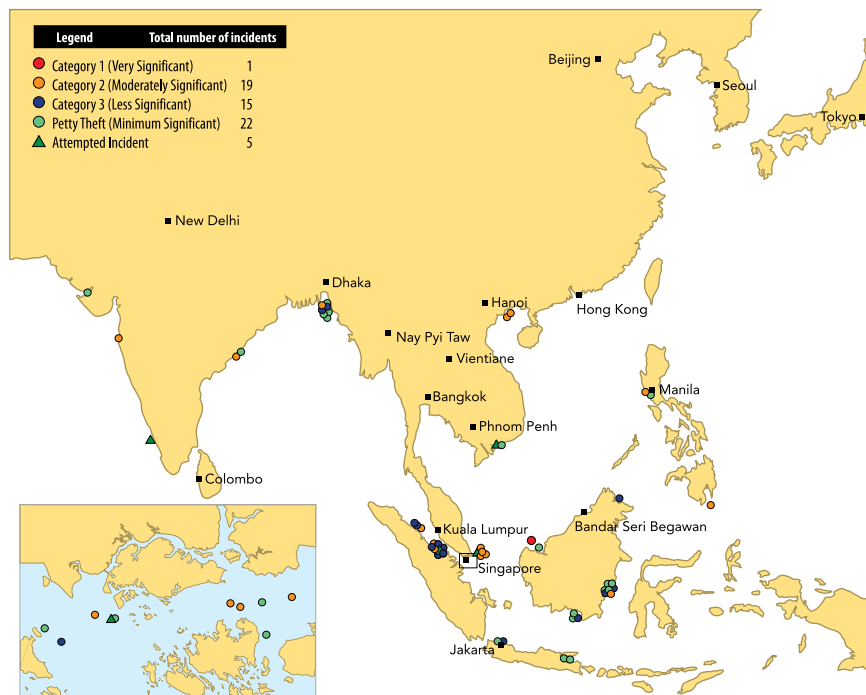


THE KOLKATA PORT TRUST has sought 450 acres from the West Bengal government to facilitate dredging at Jellingham Bar. The land will be used for dumping the silt to be dredged from the river. Jellingham is a natural sand bar or obstruction on the river channel, impacting the navigability to Haldia dock complex. Currently, the port authorities are carrying out offshore dumping, that is, the silt is dumped in the sea. Since silt is washed back onto the riverbed during high tides, the port is now looking at shore dumping as a more effective dredging option.

Crimes against ships on decline in Asia in first half of 2012

For the first time in four years, a downward trend in piracy and armed robbery incidents against ships in Asia recorded in the first half year of 2012. According to a report by the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) Information Sharing Centre (ISC), in the first six months ended June 2012, there was an improvement in the situation as against the same period in 2010 and 2011.

The improvement in the situation during January-June 2012 mainly occurred in Malaysia, South China Sea, the Straits of Malacca and Singapore. Malaysia reported the lowest number of incidents in the first half of this year as against the same period in the last four years. The South China Sea and the Straits of Malacca and Singapore reported a 71 per cent and 50 per cent decrease in the number of incidents in the first six months of this year as against the same period last year, the report says. No incident was reported in the Arabian Sea and the Bay of Bengal in the first half of 2012 as against the same period last year. The report notes that the number of incidents reported



in India have decreased while that in Bangladesh had increased. The report however says though the incidents of crime were less severe and low in number in 2012 and 2011, shipowners,

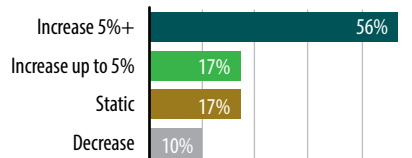
operators and crew should continue to step up surveillance and adopt best practices in operating areas of high level of criminal activities. [mfr](#)

Source: Re CAPP Report

Salaries set to go up for shipping professionals

Shipping industry worldwide must be facing problems related to decreasing profit and an uncertain future but the salaries of professionals in this industry witnessed an upward trend in 2011 and this is expected to continue this year as well, driven by a skill shortage, according to a 'maritime salary review'

2011 vs 2012 salary changes:



Despite the tough market conditions and a very turbulent year, the fact that over half of the respondents have seen their salary rise by over 5% in the past 12 months, is indicative of the tightness of the employment market and the fact that companies will pay more to retain their skilled staff.

report by Faststream Recruitment Group in July 2012. The legacy of a lack of training in the 1980s during the previous recession and the often perceived low status of jobs in the shipping industry means that the pool of highly qualified candidates continues to shrink, the report says. The group's report was

based on a survey conducted among 4,000 workers in the shipping industry. The report splits seafarers in two camps – those who have experienced a significant above inflation pay rise and those who have had to accept a pay cut. The data reveals that while those in the less senior positions experience salary cuts only 9 per cent of their shore based counterparts saw a drop in pay packet in 2011. Over a 20 year working career at sea, an officer can expect to see his or her salary double in real terms, points out the report. The research reveals that there are good salaries to be earned across a range of maritime professions in the USA. While the Middle East shows good average salary levels, there are in fact two markets here – Western ex-pats vs Asian ex-pats. For locals, the salaries are lower and the cost of housing and living are high. [mfr](#)

Source: Fast Stream Report

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The issue regarding taxability of income from slot charter and pooling arrangements has indeed become a subject matter of controversy in India.

The Indian revenue authorities have already started placing reliance on this decision to reject claims made by other FSL on non-taxability of shipping income through similar pooling arrangements.

Nikhil Rohera

TO TAX OR NOT TO TAX?

Double Taxation Avoidance Agreements ('DTAA') especially in light of a recent Indian judicial pronouncement.

Concept of Pooling

The term 'pool' is commonly understood to mean bringing resources together. A pooling arrangement typically involves deployment of resources by the members of the pool for effective utilisation of the resources. In a shipping pool, shipowners / charterers come together and deploy their vessels in a pool so that each pooling partner can take benefit and provide faster services to the shippers / consignees.

Shipping is a highly capital intensive industry involving huge capital outlay on purchase of a ship. Further, ships need regular repair and maintenance, upkeep to maintain sea-worthiness, which also entails significant recurring cost. Therefore, to curtail costs and achieve operational efficiency, today, a large number of FSL enter into such pooling arrangements.

The commercial benefits to shipowners are many, including the ability to generate higher returns due to economies of scale derived by operating a larger fleet and in a greater geographical market.

Shipping is a global industry and considered as the lifeline of international trade. Around 90 per cent of world trade is carried by the sea route.

Following the recession of late 2008 and 2009, there has been a sharp decline in international trade which has significantly impacted the shipping industry which continues to struggle for volumes and rates even today.

Generally, shipping business is conducted through owned or chartered ships. The business is generally administered through agents in each country who perform essential functions like marketing, issuing bills of lading, freight collection, compliance with local tax and regulatory procedures, etc. Quite often, slot charter and pooling arrangements are entered into between industry players to achieve economy and efficiency.

In this article, we shall take a close look at the concept of pooling arrangements and its taxability in the hands of Foreign Shipping Lines ('FSL') under the Indian



Whilst there can be different forms of pooling arrangements, one common form is a 'slot-swap' arrangement i.e. reciprocity of slot services between pooling partners.

Taxability of pooling arrangements under Indian DTAA

In almost all DTAA entered into by India with other countries, profits of FSL from operation of ships in international traffic are exempt from tax in India i.e. freight is taxable only in the foreign state of residence / effective management. The tax exemption under Article 8 also specifically extends to profits from the participation in a 'pool', a joint business or an international operating agency.

Recent decision of Mumbai Income Tax Appellate

Tribunal ('Tribunal') on slot swap / pooling arrangements

Recently, the Mumbai Tribunal, in the case of Hapag Lloyd Container Line, a German shipping line, inter alia, analysed the availability of tax exemption under Article 8 of the India-Germany DTAA to income from slot-swap arrangements.

In this case, the FSL had entered into arrangements with other ship operators whereby the parties had agreed to exchange slots on each other vessels. The company claimed that its income from such slot-swap was exempt from tax in India under Article 8 of the India-Germany DTAA.

The revenue authorities contended that the benefit of Article 8 would be available only if the company can prove that the containers loaded by it on vessels operated by other enterprises, were transhipped at the hub port on mother vessels owned, leased or chartered by the company for onward transportation to the ultimate destination ports. As regards the company's claim that the slot-swap arrangements were, in fact pooling arrangements and exempt under Article 8(4) of the India-Germany DTAA, the revenue authorities countered that in the present case there is no agreement for sharing of earnings or profits but is purely a slot arrangement under which parties have agreed to provide space in each others' fleet.

After hearing both the parties, the Tribunal upheld the contention of the revenue authorities and held that in case of transportation by vessels (operated by other enterprises) it is imperative to establish linkage between the containers transported on such vessels and mother vessels owned, leased or chartered by the company to claim the benefit of Article 8. While doing so, the Tribunal also observed that the lower authorities had already granted relief to the assessee to the extent of the profit earned from transportation of cargo by feeder vessels since the assessee was able to establish the link between the feeder vessels and mother vessels.

On the aspect of pooling, the Tribunal referred to the meaning of participation in shipping pools as given in some dictionaries and observed that a pooling arrangement is one which would involve sharing of revenues amongst the pooling

partners. The Tribunal relied on certain legal definitions of slot charter and pool agreement:

Slot Charter

"A time or voyage charter under which the slot charter has the right to use only a specified amount of the ship's container carrying capacity. In container liner trades, such charters may be reciprocal ("cross slot charters") between operators / carriers, in order to share capacity."

Pool Agreement

"An agreement between a number of persons who have the right (because they are bareboat or time charterers, so disponent owners) to exploit the earning capacity of similar ships to cooperate in the Commercial Management and Commercial Operation of (typically) all such ships controlled by them (whilst each retaining any responsibility which they may have for Technical Operation). Various legal structures may be adopted, including the establishment of a full function joint venture "Pool Manager" to whom ships may be time chartered, but the most important characteristic is agreement on a formula (a "distribution key") pursuant to which each ship shall earn from the Pool a share in actual Pool net income (however defined) which is proportionate to that ship's agreed theoretical earning capacity, not its actual earnings in the Pool (save insofar as there is provision for any adjustment, e.g. by way of offhire, in respect of the operational risks retained by the "owners"). The Pool Manager becomes a ship operator or disponent owner and has the right to exploit the earning capacity of the vessel. No standard form documents in popular use. No national regulation of detailed terms."

After analysing these definitions, the Tribunal held that slot sharing / charter / swap arrangement is not a 'pool arrangement'. It thus held that reciprocity of services (i.e. barter system) would not be considered as a 'pool'. The Tribunal also clarified that the definition of 'slot charter' in the domestic tax law [i.e. section 115VB (dealing with tonnage income) of Income-tax Act, 1961] cannot be applied to Article 8(4) of the India-Germany DTAA. Consequently, benefit of Article 8(4) was denied to the company's income from slot swap arrangement.

Here, it may be important to note an earlier decision of the Delhi Tribunal in Lufthansa German Airlines wherein it was held that reciprocity of services between the parties would tantamount to a pool arrangement in the airlines context. It is not clear from the above ruling of the Mumbai Tribunal whether it had the occasion to consider the principles laid down by the Delhi Tribunal which incidentally were also in the context of India-Germany DTAA.

Aside from the discussion on meaning of 'pool', the Mumbai Tribunal also made some interesting observations regarding Permanent Establishment ('PE') in India and payment of arm's length commission to agent. The Tribunal held that the Indian agent in India is concluding contracts of cargo transportation by issuing bills of lading which are legally binding on the FSL. Therefore, the agent in India constitutes a PE in India under Article 5. The Tribunal also held that the FSL is not just availing services of agent in support of the business but is carrying out business through the agent in India thereby implying that a fixed place PE had triggered in addition to the agency PE. Having held so the Tribunal proceeded to hold that since the FSL had carried out business in India and the Indian agent was concluding contracts on its behalf, the remuneration paid to agent would not be a relevant factor for determining taxability of FSL's income in India.

Conclusion

The issue regarding taxability of income from slot charter and pooling arrangements has indeed become a subject matter of controversy in India. The Indian revenue authorities have already started placing reliance on this decision to reject claims made by other FSL on non-taxability of shipping income through similar pooling arrangements.

Having said that, the non-taxability of income from slot charter arrangements is being contested by other FSL before the Bombay High Court and a ruling is expected shortly on this issue. It is expected that the High Court will lay down important principles which may provide a much needed clarity and certainty on this contentious issue. [img](#)

Nikhil Rohera, Executive Director, PwC India and Faizan Nursumar, Manager, PwC India.

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Continued world demand for raw materials is fuelling new dry bulk export projects in Africa while strong economic growth in African countries has created the demand for regional container transshipment terminals, but the Sub-Saharan African ports need to address many challenges to become globally competitive

TROUBLED WATERS

Recently, African ports were in the news worldwide, but for all the wrong reasons. The region made headlines when a report by the World Bank raised a key question – why does cargo spend weeks in Sub-Saharan African ports? Examining six Sub-Saharan African ports – Tema (Ghana), Lome (Togo), Douala (Cameroon), Mombasa (Kenya), Dar es Salaam (Tanzania), and Durban (South Africa) – the report finds that on average cargo spends about two weeks more in Sub-Saharan African ports than in the large ports of Asia, Europe and Latin America. Longer “dwell” times mean that the cost of transporting goods is much higher in Africa than elsewhere. The report convincingly argues that the answer to Africa’s ports problem is not new capacity but the resolution of tricky political economy issues. It describes a vicious circle – fraud and collusion among customs and port officials, long cargo dwell times due to multiple bargaining processes, self-selection of importers and brokers who aim to reduce competition and earn rents and reduced pressure for simplifying procedures and increasing productivity.

According to the report the solution lies not in building or expanding ports,

but in improving the use of existing capacity. If policymakers have a better understanding of how the private sector operates, they can then design policy tools to clear shipments prior to arrival, use price incentives, and monitor and amend customs auction practices to break monopolies and increase efficiency.

Indeed, a serious look at the report is crucial as it is a well known fact that in the whole of Africa port efficiency and performance is well below the international standards. Even though ports have been largely deregulated, many African countries maintain high port tariffs that discourage traffic and increase costs. Many are not large enough to attract direct calls from international shipping lines, underscoring the importance of developing regional transshipment hubs. Southern Africa has had the fastest growth in general cargo traffic and West Africa in container traffic. Dry bulk traffic (coal, grain, and some chemicals) and liquid bulk traffic (mostly oil) have also been growing rapidly. But by international standards, traffic in all categories is unbalanced, increasing the costs of trade. Export volumes greatly exceed import volumes for dry and liquid bulks, while imports dominate

exports for general cargo and container trades.

Where Sub-Saharan Africa is concerned, there is a lack of integrated rail and road links and ports are poorly equipped to handle containers. Containers are packed and unpacked in the vicinity of the ports, and the benefits of fully integrated multimodal transport corridors associated with container adoption are not secured. As a result, there is still comparatively little containerized traffic into the landlocked hinterland, and most imports are transported in the form of general cargo.

On the East African coastline, Mombasa and Dar es Salaam compete as regional transshipment points, but both face severe capacity constraints in the short term. In southern Africa, Durban struggles to handle its own national traffic and experiences recurring crises



of berth congestion during the peak season, with shipping lines threatening to reintroduce a surcharge for berthing delays. On the West African coast, Abidjan has enjoyed some success as a container transshipment centre, but this port has suffered from the internal strife in the country and from problems tied to ownership of operating rights for the container terminal. As a result, some shipping lines have begun to use Spanish or Moroccan ports as alternative transshipment hubs for West Africa.

Overall, most African ports lack container gantry cranes and continue to rely on ships' gear for loading and unloading. Even when such cranes are available, the number of container moves per crane hour is usually between 10 and 20, compared with between 25 and 30 in leading world ports. Where ships' gear is relied on, the performance is even worse, with only 7 to 10 moves per hour. Port charges for both containers and general cargo are substantially higher in Africa than in other world regions. For container handling, the charges applied in Sub-Saharan Africa can be more than twice those typically applied for the same service in other parts of the world.

Is there scope for improvement?

Experts aver that the situation might improve with changes in port management. Till recently, in most of Africa's ports, a state enterprise owned the infrastructure and performed all port operations—a model known as the public-service port. This is beginning to change. Some port agencies are being re-established as limited liability commercial companies. Nigeria and Ghana have moved toward the so-called landlord port model, in which the state's role is limited to owning and maintaining

port infrastructure, while operations are provided by the private sector.

Apart from this change, a number of African countries are going ahead with construction and expansion projects and are taking advantage of changing national investment policies. With an anticipated increase in trade, countries such as Djibouti, Kenya, Nigeria, Mozambique, South Africa and Tanzania, have embarked on serious port development programmes to generate capacity to handle containers in greater numbers and to accommodate the increasing size of ships, including post-Panamax vessels with more than 10,000 teu capacity. Dar es Salaam and Tanga in Tanzania, Tadjoura in Djibouti, Durban and Cape Town in South Africa have all confirmed funding for port expansion plans, although they're at different stages of implementation. For instance, recently South Africa's \$1.2 billion Ngqura port billed as sub-Saharan Africa's deepest port was officially opened. Transport and logistics provider Transnet SOC financed the deepwater port, which took 12 years to construct and has a four-berth container terminal, a liquefied natural gas (LNG) facility and a bulk and break-bulk berth.

For a majority of these port construction or expansion projects, a World Bank/French Development Agency report says that the largest share – more than 65 per cent – of the spending on infrastructure comes from national budgets. An example of this is Tanzania. Through its Tanzania Ports Authority (TPA), it will spend \$1.4 billion in expanding Dar es Salaam and Tanga, its two largest ports. The TPA says it's already set aside \$600 million for construction of the new deepwater Mwambani Port. It's also undertaking the expansion of Tanga's container-

stacking yard to accommodate increasing cargo volumes. Although the port has a capacity of 500,000 tonnes of cargo, just 76 per cent of that's used. The port's major cargoes include liquid bulk, break bulk, chemicals, machinery and vehicles.

Djibouti has also secured financing from the Arab Fund for Economic and Social Development and the Saudi Fund for Development to build a new third port at Tadjoura, in the north of the country. Djibouti's two other ports, Djibouti and Doraleh, are run by global terminal operator DP World. This new port will handle general cargo, with capacity to accommodate increasing export volumes of salt, Djibouti's major export, and potash from neighbouring Ethiopia.

Port operators such as DP World, Hutchison Whampoa, APM Terminals and Bolloré have all taken advantage of emerging investment opportunities to turn their eyes to the African market. But the primary factor influencing the recent interest in constructing and expanding African ports is China. In Tanzania, for example, it has signed a \$3 billion deal to develop the Mchuchuma coal and Liganga iron ore projects in the south of the country. That's necessitated the expansion of Dar es Salaam and Tanga ports to accommodate the anticipated extra capacity once the projects are completed. They'll be financed and implemented by Tanzania China International Mineral Resources, a joint venture between Tanzania's National Development Corporation (NDC) and China's Sichuan Hongda Group. Chinese banks are providing about \$600 million of funding towards Sichuan Hongda's share. China's also expressed interest in funding the recently launched Lamu port project in Kenya, in what analysts see as a concerted effort to find an alternative route for the crude oil Chinese firms are currently producing in South Sudan.

If African governments focus on increasing financing and looking for ways to make existing ports generate additional funds, then larger ships and increased cargo capacity should follow. What's more the serious challenges of productivity, efficiency, new investment and sustainability of ports directly impact logistics and supply chain performance. Therefore, it is a must for the African government to address these challenges. If they do, then it will be a boon for both investors and the people of Africa. 



SOUTH AFRICA RECENTLY OPENED THE MULTI-BILLION RAND PORT OF NGQURA OUTSIDE PORT ELIZABETH IN THE EASTERN CAPE. THE PORT IS THE DEEPEST CONTAINER TERMINAL IN SUB-SAHARAN AFRICA, AND WILL ACCOMMODATE THE NEW GENERATION OF GIANT CONTAINER SHIPS TRAVERSING AFRICA'S SOUTHERN TIP.

Bangladesh offers transshipment facilities to India

India and Bangladesh agree to explore new concept of transshipment for mutual benefit.

Bangladesh has offered to provide transshipment facilities to India through the Chittagong and Mongla seaports. According to the new proposal called coastal shipping, Bangladeshi coastal vessels can be used commercially for transporting cargoes to and from India through these ports.

Bangladesh has also suggested a protocol for transshipment of Indian cargo by using the conventional coastal vessels. With the implementation of this plan, the rest of India will be connected with its east and south-east areas such as Visakhapatnam, Paradip of Odisha and Haldia of West Bengal.

The proposal was made at a two-day shipping secretary-level meeting between Bangladesh and India in Dhaka in July. The two countries have signed an agreement for renewal of the Protocol on Inland water Transit and Trade for the next two years at the meet. According to the proposal,

Bangladesh will consider foreign exchange earnings and employment of crews in allowing the transshipment. Bangladesh shipping secretary Abdul Mannan Hawlader said the proposal to introduce coastal shipping between the two countries was demanded by the trade body of coastal shipowners in Bangladesh. Shipowners had pointed out that, almost half of the inland and coastal vessels are unused.

While the decision to introduce coastal shipping in the next few months was finalised, the issue of customs fees and service charges were not discussed at the meeting. It is also not finalised whether Indian ships will be engaged in carrying goods.

According to officials, it was decided at the meet that standing committees under the water protocol will look into the legal and technical matters of coastal shipping. The committees will also submit reports regarding amendment of the protocol and introduction of coastal shipping within the next three months.

India has welcomed this suggestion by the Bangladesh government. Indian Shipping Secretary Pradeep

Kumar Sinha, who led an eight-member delegation at the meeting, said, a joint committee had been formed to prepare reports in this regard. A body led by the director general of shipping department and comprising representatives from the shipping ministry, Bangladesh Shipping Corporation, Chittagong Port Authority and Mongla Port Authority will soon visit Visakhapatnam and Paradip ports and Haldia. They will also talk to the Indian authorities. The Indian government will also form a committee and prepare a report on the proposal.

Both the committees will submit their reports to their governments for a higher level decision. "The committee headed by the shipping department director general would submit the report within the next three to six months. The next steps would be taken if the committee found the proposal economically viable and feasible," said Abdul Mannan Hawlader.

According to him, coastal shipping would cover import, export and carrying of transit goods between the two countries. "There has to be an agreement for the use of Chittagong and Mongla seaports to make coastal shipping operative," he said. Officials however, were yet to decide whether the proposal of coastal shipping operation would

be implemented through a new agreement/protocol or under the existing Protocol on Inland Water Transit and Trade that Bangladesh and India signed in 1972. In all probabilities, transshipment facilities would be provided to India under the existing protocol through necessary amendments.

At the meet, Bangladesh has also agreed to consider transit and transshipment of 35,000 tonnes of Indian food items to the northeastern states of the neighbouring country through Ashuganj-Akhaura. As part of this proposal, Bangladesh would consider India's proposal to transport 35,000 tonnes of food as relief materials, as a special case.

India government has also agreed to carry out a feasibility study on Ashuganj in Bangladesh at its own cost as it wants to use it as a river port for movement of cargo to its northeastern states. However, the Indian government officials questioned the logic behind the proposed increase in customs fees and imposition of service charges and bank guarantees on Indian vessels. They pointed out that the goods are not being unloaded inside Bangladesh.

Accordingly, it was decided that the fees and charges would be reasonable and honourable to both countries and it would be finalised by the revenue boards of the two countries. **WIB**



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Lam Yi Young
The Maritime and Port Authority of Singapore's (MPA) Chief Executive



Land optimisation, manpower productivity and the environment are all important considerations in our Singapore operations. Our investment in automation and green technologies would enable us to overcome these challenges and further enhance the skill sets of port employees.



Tan Puay Hin
Regional CEO Southeast Asia, PSA International

PSA Singapore Terminals (PSA) is developing Automated Guided Vehicle (AGV) prototypes to transport containers 24/7 between the quay and the container yard without the need for human drivers, a PSA news release has said. The PSA says the programme will help it enhance port productivity as it prepares to increase capacity to handle greater volume in the near and long term. According to the press release, PSA and MPA are collaborating under the Port Technology Research and Development Programme. The MPA is providing five-year funding of S\$10 million (\$7.9 million) from the Maritime Innovation and Technology Fund (MINT Fund) with a further S\$10 million (\$7.9 million) over the same period coming from the PSA, industry partners, and local institutes of higher learning. PSA says it awarded the tender for the project to Singapore Technologies Kinetics Limited and Shanghai Zhenhua Heavy Industry Company Limited, to each develop two AGV prototypes with energy-efficient hybrid technology, while Finland's Cargotec Corporation has been contracted for a common navigation system that will drive the vehicle units in the port.

A series of pilot trials will be conducted over the next two years under local operational conditions. [img](#)



"MAKE US COMPETITIVE"

Anil Devli, CEO, INSA

India's coastal trade (shipping cargo between different local ports) is reserved for ships registered in India and foreign ships can be hired only when Indian ships are not available, according to cabotage law. If the coast is open for anybody to operate, Indian shipping companies are not equipped to handle international competition and therefore, need to be made competitive says Mr **Anil**

Devli, CEO, Indian National Shipowners Association (INSA).

Q What are the biggest concerns of the Indian shipowners today?

A Primarily, there are two concerns. One is the lack of a government policy to nurture the Indian shipping. We need an overarching policy to recognise the importance of shipping and developing the industry. Shipping has two parameters – coastal and international. Last coastal shipping policy

draft was made two years ago and it is still lying in the ministry. Second concern is the lack of funding. Indian shipping companies always maintained that they are an international business entity and their abilities are as good as those in the international market. But in the external markets, their cost of money and cost of operations are cheaper. This makes it difficult for Indian entrepreneurs to compete with international shipowners. In the last 10-15 years, not more than ₹250 crore was allocated for shipping. In China, Vietnam and Korea their shipping assets have grown largely because of the government support.

Q What in your opinion, the government needs to do to increase the shipping tonnage?

A A major step that the government took in this direction was to introduce tonnage tax. As a result, in 2004-05 we saw tonnage growth. After that, the government has not taken any measures to encourage the Indian shipping industry. But, now the ministry is actively working on cargo support policy. We are also in talks with PSUs for getting long-term contracts and this could help Indian shipowners to acquire assets. PSUs have responded encouragingly and

we hope this will set in some momentum for our sector.

Q What is your stand on relaxation in cabotage?

A Our view on relaxation of cabotage is very simple. We oppose the move. If the government wants to relax cabotage, Indian ships need to be made competitive internationally. The cost of operating an Indian ship is 30 per cent more than that of a ship under a foreign flag. If you release the Indian coast for anybody to operate, then take suitable measures to make us on par with international ships. Indian shipping companies are not equipped to handle international competition due to the high cost of operations.

Q What are the measures required to make Indian shipowners internationally competitive?

A The most important step needs to be taken is to reduce the tax burden. The government should remove tax on seafarers' wages, on stores, spares and bunker. Counter Vailing Duty (CVD) on Indian ships is based on the value of the ship, whereas it is based on the time charter value for foreign ships. This is not fair.

Q How much coastal trade has grown over the years?

A Coastal trade is stuck with 12-13 per cent share and has not grown over the years due to the lack of policy support. Rules in existence for coastal shipping will not allow it to compete with other modes of transportation. International legislation permits local administrations to frame rules to ensure the growth of coastal shipping. For instance, China has different set of rules for international and coastal shipping. We came out with River Sea Vessels (RSV) regulation. We do not know whether the RSVs were successful in capturing the ethos of bringing down the cost of operations. But we do know from small shipowners that this purpose is yet to achieve.

Q How do Indian shipping companies deal with the current scenario?

A We are as good or as bad as everybody else. In a way, Indian companies were little more conservative and we have not acquired too many assets. As domestic companies acquired only assets in the offshore business, one has not seen great depreciation in asset values. SCI, Great Eastern and Mercator have made investments in offshore vessels and are able to sustain the business. We hope that by next year supply will fall and some kind of semblance will set in. **ME**

"Coastal trade has not grown beyond 12% due to lack of policy support"

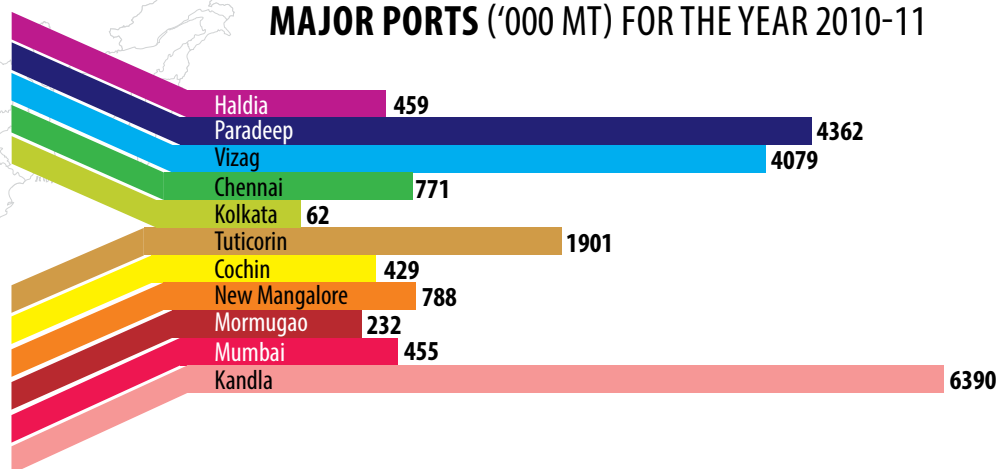
A Problem of Stagnation

What apparently is good politics may actually be bad economics. Nothing epitomises this more than India's fertiliser subsidy system. A World Bank paper – "India: Priorities for Agriculture and Rural Development" – sums the state of affairs aptly. It states: "India's large agricultural subsidies are hampering productivity enhancing investment in agriculture." Apparently this seems to be a loaded statement, but there is a strong latent socio-economic phenomenon that has led to such inferences. Subsidies on farm inputs like fertilisers were meant to induce farmers to adopt new technologies that are beneficial to agriculture. With this intention, since the mid 1970s, the Union and state governments followed a policy of supplying fertiliser, irrigation water and power to farmers at prices which do not fully cover costs. This did achieve the desired results though only at

Demand for fertilisers has never been matched by production making the country dependent on imports. By doing away with the subsidy regime, the government may do a favour for the fertiliser industry



TRAFFIC OF FERTILISERS HANDLED AT MAJOR PORTS ('000 MT) FOR THE YEAR 2010-11



the initial stages. Rather, the levels of subsidies rose to such proportions that they could not be sustained and their beneficial effects now outweigh the adverse impacts which are reflected in the form of macroeconomic imbalances, slowing down of public investments in agriculture, and inefficient use of resources.

Indeed, the subsidy system has now become the biggest bane for India. Today, the country is the third largest producer and second largest consumer of fertiliser in the world. Increasing population and limited acreage have led to increased fertiliser consumption in this country. Indian fertiliser industry can be broadly divided into three categories, depending on the nutrient composition – nitrogenous (N), Phosphatic (P) and Potassic (K). Urea is the key fertiliser consumed in the nitrogenous segment and accounts for more than 50 per cent of the total fertiliser consumption in India. Potassic fertiliser mainly comprise Muriate of Potash (MOP), which is entirely imported. Phosphatic fertiliser is consumed in the form of complex fertilisers which includes Di-Ammonium Phosphate (DAP).

The Union Ministry of Chemicals and Fertilisers has estimated that the Indian fertiliser companies would produce around 37.6 million tonnes of fertiliser in the year 2012-13 with a 9 per cent rise in comparison to 34.6 million tonnes of last year 2011-12 production (see graph: production, import and consumption of major fertilisers). However, the total availability is likely to be short of demand and will be met through imports. Over the years, demand outstripping production has become the

norm for the Indian fertiliser sector, as a sharp increase in consumption has not been matched by a corresponding increase in indigenous production. There has been marginal increase in production and the reasons for the same are – capacity additions have been marginal due to limited availability of domestic natural gas, which is the commonly used feedstock. Secondly, in case of phosphatic fertilisers, the country faces acute scarcity of raw material – phosphate rock and phosphoric acid. Thirdly, for potash, there are no viable sources/reserves in the country, and its entire requirement is met through imports. Moreover, the government's complex subsidy policies as well as pricing regime have not been very investment friendly for fertiliser manufacturers, and hence the domestic

“There has been marginal increase in production and the reasons for the same are capacity additions have been marginal due to limited availability of domestic natural gas”

requirement has been met through imports so far.

Pricing and subsidy

Indeed, the biggest problem plaguing the sector are the subsidies, which were introduced in 1977 in order to increase the agriculture production and at the same time insulate the farmers from rising market prices of this crucial input. Government fixed the fertiliser prices below the market rate and reimbursed the manufacturing companies for the deficit in cost of production. However, this policy led to lot of distortions. Fertiliser companies started manufacturing more of urea compared to other fertilisers as its consumption being high drew maximum subsidy. This increased the subsidy burden of the government drastically. Farmers have been using urea to increase crop yield as it is cheaply available. Over-use of urea has led to soil degradation and has over time affected the crop yield. Retention Pricing Scheme (RPS) was the first subsidy mechanism introduced in India. Government determined the fertiliser prices. Each manufacturer used to submit its cost of production to the government. The ministry used to test the numbers against its standardised norms. Companies whose cost were higher were paid the pre-determined price. Companies whose cost of production was below were paid actual price. This was a disincentive against pursuing cost efficiencies. Companies soon started exploiting the policy by showing a higher cost of production. There were other infirmities too in the policy. The subsidy regime had a distinct bias towards three important ingredients – N, P and K, with a greater bias towards



Fertiliser Sector is stable based on sufficient government support, subsidy, and robust demand.



Fertiliser units require 113 mmscmd (million metric standard cubic metres per day) by 2016-17. However, the availability may not increase.



As a result of lack of capacity creation for the last 10 years, production has remained largely stagnant.



Dependence on imports has increased at a rapid pace. Currently imports constitutes around 27 per cent of urea consumption and 68 per cent of DAP consumption.



For 2012-13, Urea demand is expected to be 32 million tones, DAP 13.24 million tones and Potash 4.69 million tones

N (or urea). This had its inevitable fall-out in terms of higher production and consumption of urea.

Nutrient Based Subsidy (NBS)

Given the huge skew that got built into the fertiliser industry and the policy environment, the government implemented the Nutrient-Based Subsidy (NBS) policy with effect from April 1, 2010, to encourage more balanced use of fertilisers. Under NBS, subsidy is given on the basis of the nutrient in the fertiliser – nitrogen, phosphorus, potash and sulphur – and is fixed for each ingredient, regardless of its price of production. The subsidy for each nutrient is calculated mainly on Import Parity Price (IPP). In case of complex fertilisers – indigenous as well as imported ingredients are treated at par for subsidy calculation. The raw material for indigenous DAP production (phosphoric acid and ammonia) is imported and raw material pricing is governed by international prices. The IPP is calculated by adding international fertiliser prices with freight cost. This did away with the maximum retail prices at which manufacturers earlier sold fertilisers. Earlier subsidy was on the product, now subsidy is on the composition of the fertiliser. Hence

MRP prices can move in line with global prices. So, with an increase in global fertiliser prices, the companies will no longer have to depend on additional government subsidy and can increase prices at the farm-gate level (the prices farmers pay), which will improve their cash flows. However, urea still continues to be controlled. While the government has been making incremental reforms in subsidy and pricing policies, the introduction of NBS during 2010 was indeed a turning point for the industry. This gave manufacturers the freedom in pricing which was eventually expected to lead to healthy competition and increased efficiency.

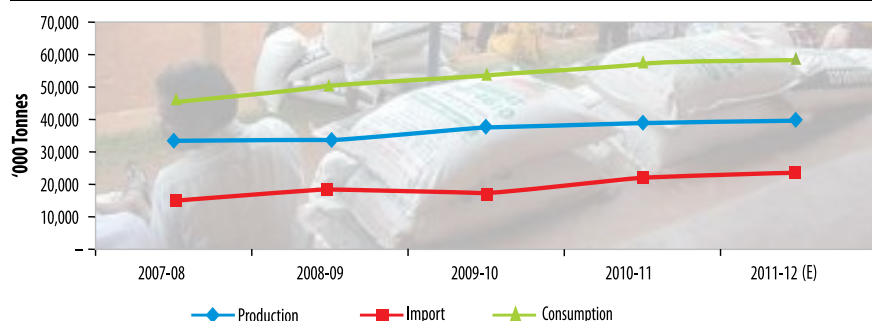
However, the government's motive of implementing NBS to encourage balanced use of fertiliser still hangs in air. NBS certainly has encouraged higher production of indigenous complex fertilisers. But, use of urea is still high since it's still the cheapest fertiliser and is out of NBS. In this year's budget, Ex Union finance minister Pranab Mukherjee proposed that the entire fertiliser subsidy regime would be overhauled and henceforth the subsidy would be passed on directly to the farmer as a direct cash transfer. While the idea does seem laudable, it might still be premature to write an encomium.

The transition is planned in three phases and each leg involves numerous process and system related hurdles. There is another niggling doubt: will the new system, under which manufacturers will be allowed to sell at market-related rates, provide enough incentive for manufacturers to start increasing capacity? A lot will depend on how the three phases of transition are handled.

According to experts, apart from the subsidy regime, the government needs to take a serious look at another important factor that has led to the stunted growth of the fertiliser industry: the rise in prices of the feedstock. The fertiliser industry is dependent on gas for the production of urea and phosphoric acid for the production of phosphatic fertilisers and DAP. The country imports its inputs from other countries. The overseas suppliers of raw materials realise the predicament of the Indian fertiliser industry and have started exploiting the shortage through clever pricing. According to experts, this needs to be revamped if the industry has to be nurtured. They aver that the rising prices of the feedstock are particularly killing the industry as it comprises of many small size old plants of the private sector and also low efficient plants of the public sectors.

Apart from the above stated problems, the fertiliser industry is faced with other challenges inter alia infrastructural bottlenecks and the uncertainties in government policies. The delay in decision making and obscurity in setting parameters are among some of the major drawbacks of the government policies directed towards the industry. To retrieve the health and growth of the fertiliser industry, the government is in need of long-term realistic policies that would enable the industry to overcome the challenges and survive the present impasse. **mg**

Production, Import and Consumption of Major Fertilisers



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Spreading its Sparkles

The leading mining and metals company Rio Tinto is working towards becoming a domestic producer in India.

Rio Tinto, one of the world's leading mining and metals companies, has now made India a key market for its products. What's more, at least two-thirds of the company's diamond production by value is now manufactured in India. The company's activities in India go back to 1930, when aluminum producer Indal, a former subsidiary of Rio Tinto Alcan, began operating. The company's relationship with India is now that of a supplier and also a customer, and, while it has no operating mines in India at present, through its diamond and iron ore development projects in Madhya Pradesh and Orissa, it is working towards becoming a domestic minerals and metals producer.

The company has been exploring for new mineral resources in India since 1996. Initially focussed on base metals and diamonds, it expanded its exploration operations in 2010 to include other commodities to add value to its portfolio. To date, the company has explored more than 60,000 km in six states. In 2004, it discovered the Bunder diamond deposit. The project is Rio Tinto's most advanced diamond mining project, and the first in India. The deposit comprises a cluster of eight lamproites (volcanic rock) located in the Bundelkhand region of Madhya Pradesh. The company has identified a diamond resource seven times richer than the Panna mine, with a likely production rate at least 20 times greater. Due to this project, Madhya Pradesh would rank, in terms of volume and value, in the top ten diamond producing regions of the world. The company has constructed a state-of-the-art sample plant to process bulk samples of ore on the project site. This is critical to the development



of a world class diamond mine. Rio Tinto has also received approval for mining lease in principle from the Indian Government in 2011-2012. The next phase of evaluation will involve engineering studies and assessment of the social and environmental impacts of a diamond mine. These studies will take two to three years to complete. The total investment to develop the mine is estimated at least ₹2,000 crore.

Rio Tinto has also established a joint venture with the Orissa Mining Corporation Limited (OMC) and NMDC Limited. The joint venture forms the cornerstone of Rio Tinto's iron ore projects in India. The project includes the development of leases in Keonjhar and Sundergarh districts. Plans for the project align production to meet domestic demand and provide a substantial foundation to Odisha's upcoming steel projects. India is a key

market for its products.

The company supplies India with metals and minerals for a wide spectrum of end uses, from basic infrastructure to high tech consumer goods. Apart from these activities other key focus areas of the company in India include procuring competitive goods and services from Indian suppliers and identifying Indian talent to develop its employee base across the group.

Recently, the company has also opened an innovation centre in Pune to help roll out new mining technologies including driverless trucks and drills to boost efficiency and productivity. The centre, a joint venture with iGATE Patni, takes advantage of the large number of skilled engineers in India, and will help with the implementation of Rio's mining innovations across different regions and product groups. 

“We believe in India’s Growth Story”



Adam Nielsen
General Manager,
NORDEN

Q Tell us about your operations in India.

A We have been doing business in India for about 20 years, mainly within the dry bulk segment. Until recently we have been less active on our product tankers but we see huge potential going forward.

Our main business is coal where India has experienced a steady growth of import over the last five years. Other commodities are iron ore, limestone and agricultural products. Our customers are mainly in the power sector, steel and cement industry and our Indian office handles both Indian and Middle Eastern customers from Mumbai.

Q How is your cargo movement and which are the main destinations you cater to?

A We service most ports in India and moving approximately 7-8 mt cargo to India each year. Traditionally, we employed geared handymax into India

Adam Nielsen is head of NORDEN’s commercial activities in India and Middle East. He has been with the company for 10 years. In this brief interview he shares Norden’s operations in India and his experiences with Indian Ports.

bringing out iron ore and bauxite. Due to India’s discouragement to export this mineral as well as a general upgrade of port capacity this scenario is changing. We are now moving more coal into India in larger gearless vessels and instead of iron ore outbound our vessels are employed elsewhere.

Q Which ports do you use in India and what is your experience in using them?

A We use at least 20 different ports all over India and we have noticed that the operational environment has

changed during last five years. When we look at our own business, 90 per cent of the cargo was carried in Supramaxes. Today, it is different and tilted towards bigger vessels. Currently, around 60 per cent of our commodities into India is carried by Supramaxes, 20 per cent by Panamxes and 20 per cent by Capesize vessels, mainly due to the successful growth of private ports in India allowing for bigger vessels. Though the country is enhancing its port capacity, we do face congestion issues due to problems in cargo evacuation.

Q With lot of price volatility, how is the market?

A Market is what it is. The global shipping market is under tremendous pressure, not least due to an abundance of new building vessels coming into the market, whereas demand side has stayed healthy. This is also the case for India and we continue to see our own business with Indian customers growing. Thus we have a strong belief in India’s growth story going forward.

Q How are your tanker operations in India?

A Unlike the dry bulk market we are yet to become an active player in the tanker market in India. With the growing refinery capacity in India substituting older capacity in Europe and US we are likely to see the activity on the route from India to Europe and US increase, which will have a positive effect on global product tanker demand. This makes India a very important market in future.

Q What is your fleet size?

A We control a fleet of approximately 200 drybulk vessels and 85 product tankers of which we own about 20 per cent of them. The rest is a mixture of long term and short term charters as well as vessels supplied by our pool partner Interorient. 



Green is great: Sennebogen at the port in Antwerp



From containers and bulk goods to piece goods, around 160 million tonnes of freight leave the port in Antwerp each year for destinations all over the world. Logistics and a good overview are essential in this process. With 13 SENNEBOGEN machines in total, Goeyvaerts R. plays its important part at the site as a service provider for material handling.

Goeyvaerts relies consistently on material handling machines from SENNEBOGEN to ensure efficient operation. The range of uses is extremely diverse. Equipped with a 3.75 cubic metre clamshell grab, a SENNEBOGEN 850 M unloads an incoming ship with up to 6000 tonnes

of the finest coffee beans. Speed is paramount here – just a short rain shower and the valuable cargo is ruined. The drivers can process around 225 tonnes in one hour. This requires a high-performance machine and robust mechanics. Ships can be reached over an entire width of 23 m with the long boom and accessed optimally thanks to the 1.5 m raised upper carriage.

The SENNEBOGEN 860 M is at home at the container port. The machine loads dozens of empty 20 and 40-foot containers up to a width of three rows onto the waiting ships. Because the subsurface directly next to the quay wall cannot be driven on, the SENNEBOGEN 860 M bridges a long distance by swiveling between the storage area and the ship. Around 40 containers can be loaded per hour either individually or in double stroke.

For unloading bulk goods from handysize-class vessels, Goeyvaerts uses a SENNEBOGEN 870. Equipped with a 23-metre banana boom and the 5 cubic metre clamshell grab, for example, 600 tonnes of fertiliser can be unloaded per hour. The bulk goods are loaded onto conveyor belts or trucks using a funnel. The elevating Skylift maxCab industrial cab combined with a 2 m pylon upper carriage elevation is particularly suited to this task. It offers drivers an outstanding overview and visibility right into the hull of the ship – a valuable feature for added safety.

Equipped with a MS 100 star undercarriage, the SENNEBOGEN remains

stable even under the highest load. Support plates with particularly large dimensions guarantee the required stability and protect the subsurface with their weight distribution. The drivers praise the easy handling of the SENNEBOGEN machines in particular and are extremely satisfied with the material handling performance. The industrial cab with steep standing bulletproof glass pane protects the driver and offers optimal overview.

With this large selection of SENNEBOGEN machines, Goeyvaerts has the right equipment on hand for every application and can help their customers quickly in the required tasks. The company rents the machines for all tasks at the port in Antwerp. mg



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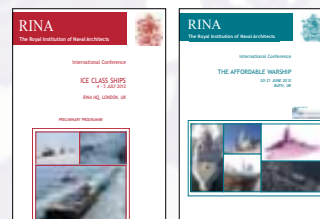
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Kitten survives container trip from China to LA

A three-month-old kitten is recovering in California after surviving a journey across the Pacific in a shipping container from China without food or water. The orange-and-white animal has been named Ni Hao, or Hello in Mandarin, after being found when the container was opened last week, following the two-week, 10,450-kilometre trip from Shanghai. At first he was too weak to stand, but the shorthaired kitten is finally taking its first steps - and officials are now seeking a local cat-lover to adopt him.

“Ni Hao greeted the medical team with his first meows this morning and is attempting to stand,” said Marcia Mayeda, head of the Los Angeles Department of Animal Care and Control. In theory he has to remain in quarantine for 60 days, but he “may be allowed to finish the quarantine period under the care and supervision of a foster family if his health continues to improve,” Ms Mayeda said. It was not immediately clear how the kitten got into the container.



NETWORK TO TRACK VESSELS

P K Sinha, Secretary, Ministry of Shipping; G K Vasan, Union Minister of Shipping; A M Surej, Director-General of Lighthouses and Lightships and Bhupinder Prasad, Chairperson, Inland Waterways Authority of India, at the inauguration of the National Automatic Identification System Network, in Chennai. This network will be able to detect intrusion by ships, including shipping trawlers, along the coast. Set up at a cost of ₹132 crore, the system will be able to track vessels up to a distance of 50 km from the coast. SAAB transponders Tech AB, Sweden and its Indian counterpart Elecome Marine Services have implemented the system.



PSVs Launched

Cochin Shipyard launched two Platform Supply Vessels built for European clients. Both the vessels are of PSV 05L CD type, designed by STX OSV AS, Norway and are classed under the Rules and Regulations of Det Norske Veritas (DNV). This 82.2 x 17.00 x 7.60 Metre vessels are a high end Diesel Electric PSV equipped with 4 1,200-kw Diesel Generator sets and 2 1,600-kw input power azimuth thrusters.





SCI RECEIVES AHTS VESSEL

The Shipping Corporation of India Ltd. (SCI) accepted delivery of one Anchor Handling, Towing & Supply (AHTS) vessel "m.v. SCI Ahimsa" and one Platform Supply Vessel (PSV) "m.v. SCI Nalanda". The AHTS vessel has a Bollard Pull capacity of 120 Tonnes, which makes it useful to operate in deep sea. With delivery of this vessel, SCI continues its foray into the larger capacity offshore services sector. The vessel has a gross tonnage of 2,067 tonnes and deadweight of 2,005 tonnes. m.v. SCI Nalanda is the first ever Platform Supply vessel to be inducted in the SCI fleet. With delivery of this vessel, SCI would further establish itself as a formidable player in the offshore services sector. The vessel has a gross tonnage of 2,633 tonnes and deadweight of 3093 tonnes. In the offshore sector, SCI presently has a fleet of 15 vessels of which 9 vessels were acquired during the eighties.



Director General of Shipping, Deepak Shetty at the passing-out ceremony of the fifth batch of students of the B.Tech. Marine Engineering course of KM School of the Cochin University of Science and Technology.



Snoozebox is a Portable Container Hotel

Snoozebox took advantage of an alignment of circumstances with the Olympics in London. The company provides temporary lodging in the form of portable, stackable, scalable hotel rooms made with shipping containers. Snoozebox has provided about 320 rooms for security personnel at Hainault Forest Country Park from July 14 – August 15, 2012. The portable hotel can be ready within 48 hours of arriving at almost any event or location in the world, and rooms have internet, TV, a personal safe, attached bathrooms, etc.

agenda



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

SEP 21-22

East Coast Maritime Business Summit

Venue: Novotel Varun Beach, Visakhapatnam

Attend for: Ports on India's east coast, which were lagging behind those on the west coast in terms of cargo movement, are now garnering a greater share of the business as the nation's trade with China and other East Asian economies surges. The cargo shift will likely to spur the development of not just port and allied infrastructure on the east coast, but also that of special export zones and the industry in general. Besides rising trade with China, the demand for coal to fuel power projects in eastern India has also led to growth in the east coast ports. With the increase in rail connectivity, a lot of the coal imported through western ports will be routed through eastern ports and moved by train to meet demand in the hinterland. The profile of the east coast is changing with the creation of additional cargo-handling facilities. Coastal shipping and inland water transportation, though long neglected, are now poised to play a vital role.

In three business sessions, this conference will discuss:

- SWOT analysis of east coast ports
- Cargo forecast; trends in shifting cargoes;
- Increase in throughput
- PPP projects in major ports; improving
- Infrastructure; solving the capacity issues
- Container cargo handling and terminal development
- Shipper's perspective of east coast ports
- LNG terminals and bunkering opportunities
- Coastal Shipping: opportunities and challenges

More information: www.gatewayecmbs.com



SEP 04-07

SMM 2012

Venue: Hamburg Messe Fairground - Hamburg, Germany

Attend for: The 25th SMM (shipbuilding, machinery & marine technology international trade fair Hamburg) from 4 to 7 September 2012 will once again be fully booked. "This puts us ahead of the 2010 SMM, which was already very successful," says Peter Bergleiter, Business Unit Director at Hamburg Messe und Congress GmbH (HMC). "In particular, demand from major Asian shipbuilding nations has increased once again," he adds. Apart from numerous other Chinese companies, China's two leading shipyard associations, CSIC and CSSC, will also be sending delegations. More than 30 countries will set up national pavilions and, for the first time, Argentina will be among them. Over 2,000 exhibitors from 60-plus countries will be represented at SMM, some 150 of them for the first time ever.

More information: www.smm-hamburg.de

SEP 26-28

Intermodal India

Venue: Bombay Exhibition Center, Mumbai

Attend for: An integrated exhibition and conference event for international trade, logistics, transport and cargo handling in India, the event offers exhibitors from all over the world new products, latest equipment and technology innovation and a vast conference programme.

More information: www.intermodalindia.com

OCT 08-10

India Shipping Summit

Venue: Trident Hotel, Nariman Point, Mumbai

Attend for: The summit will take a prescriptive look at the unique challenges facing India's maritime industry, its ambitions and what's realistically achievable – a reality check for India shipping – through high-level participants, blend of panel discussions, debate and social networking.

More information: www.indiashippingsummit.com

DEC 05-07

6th Automotive Logistics India

Venue: Hilton/Janakpuri Hotel, New Delhi

Attend for: The event will focus on how the transportation infrastructure is coping with sales growth, examine the latest developments and strategies, including multi-modal and answer questions like how is India developing the customer service side and is there an intelligent after-sales parts strategy.

More information: www.automotivelogisticsindia.com

SEP 25-26

6th Indian Coal Markets Conference and Awards Dinner 2012

Venue: The Oberoi Hotel, New Delhi

Attend for: Rising demand, stagnant production, costlier imports and inadequate infrastructure coupled with problems pertaining to land acquisition, relief and rehabilitation, environmental policies and law and order issues are the key challenges facing the Indian coal industry today. The Indian Coal Markets Conference & Awards Dinner 2012 will foster in-depth discussion around these and other important issues as well as create a rich networking experience with industry leaders and government representatives.

OCT 16-19

Singapore International Bunkering Conference (SIBCON)

Venue: Resorts World Sentosa, Singapore

Attend for: With the high bunker fuel prices, shipowners are looking closely for ways to improve fuel efficiency. The lowered global cap on sulphur limits and the introduction of new Emission Control Areas (ECAs) have also directly impacted shipowners and the international bunkering industry. As a result, alternative fuel options are studied with increasing interest. Furthermore, technology for operational efficiency continues to be explored and developed. In this regard, the 17th Singapore International Bunkering Conference and Exhibition (SIBCON) provides a platform for us to deliberate on these evolving issues, and above all, give direction on the future of the bunkering industry.

More information: www.sibconsingapore.com

CARGO SHIFT IS TAKING PLACE...

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PREPARE YOURSELF FOR THE OPPORTUNITIES AHEAD

Ports on India's east coast, which were lagging behind those on the west coast in terms of cargo movement, are now garnering a greater share of the business as the nation's trade with China and other East Asian economies surges. The cargo shift will likely to spur the development of not just port and allied infrastructure on the east coast, but also that of special export zones and the industry in general.

Besides rising trade with China, the demand for coal to fuel power projects in eastern India has also led to growth in the east coast ports. With the increase in rail connectivity, a lot of the coal imported through western ports will be routed through eastern ports and moved by train to meet demand in the hinterland.

The profile of the east coast maritime trade is changing!

Speakers include

-  **Dr D Purandeswari**
Hon'ble Minister of State for Human Resource Development, Government of India
-  **Capt P V K Mohan**
Chairman, National Shipping Board
-  **Sri Ganta Srinivasa Rao**
Hon'ble Minister for Infrastructure & Investments & Ports, Airports, Natural Gas, Government of Andhra Pradesh
-  **Sri K Mohandas, IAS**
Former Secretary, Ministry of Shipping and Chairman, Kerala Shipping and Inland Navigation Corporation
-  **Mr Sabhyasachi Hajara**
Chairman & Managing Director, Shipping Corporation of India
-  **Sri Sunil Sharma, IAS**
Principal Secretary to Government Department of Infrastructure & Investments, Government of Andhra Pradesh
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Chairman, Visakhapatnam Port Trust
-  **Mr Atulya Misra, IAS**
Chairman, Chennai Port Trust
-  **Mr Manish Jain, IAS**
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-  **Mr Bill Smart**
Managing Director, Bengal Tiger Line Pte Ltd
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-  **Mr Krishna B Kotak**
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-  **Mr J N Das**
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-  **Mr Anil Devli**
Chief Executive Officer, Indian National Shipowners Assn
-  **Capt Subhangshu Dutt, FICS**
Chairman, Institute of Chartered Shipbrokers, Singapore
-  **Mr Santosh K Mohapatra**
Chief Executive Officer, Dhamra Port Company Ltd
-  **Capt Ashok Kumar Shrivastava**
Chief Executive Officer - Shipping, Allcargo Global Logistics Limited
-  **Mr V Ramnarayan**
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Kolkata Port Must Regain its Past Glory

Calcutta Freight Brokers Association (CFBA) has been serving the trade for decades and stood the test of time. **J S Chopra**, Chairman, CFBA shares the challenges faced by the association and laments on the lost glory of Kolkata Port.

The ongoing crisis in Europe and the bad economic policies in India were leading to disappointing results and some radical measures are immediately needed to correct the situation. Else the magnitude of the crisis will be similar to that of 1991. Shipping companies at present are suffering losses. The only relief is the declining bunker fuel prices and marginal rise in the freight market.

India is in need of massive infrastructure development to handle the ever-growing traffic. The current issue is how to accommodate large vessels at India's major ports and the solution lies in the holistic approach in infrastructure projects integrating ports, roads, rail CFS and ICDs. Government should play the role of facilitator and leave it to the private players to invest and operate within the framework of defined efficiency and pricing criteria.

Calcutta Freight Brokers Association (CFBA) has a glorious past of serving the exporters and shipping trade in Kolkata. With a strength of 22 registered member firms, the professional association of freight brokers has stood the test of time and has been offering useful, efficient and honest services to the shippers and shipowners for the last seven years.

Notwithstanding its past glory, today CFBA is faced with two major challenges: brokerage payments and service tax related issues – that will have grate influence on its future performance.

Presently, brokerage is being paid on basic freight whereas it needs to be paid on the total negotiated freight. But the basic freight has come down too low that brokerage payment has become nominal and does not even cover our expenses. Deductions like bunker surcharge etc., are so high on the gross freight. At times on total freight the bunker surcharge is 80 per cent whereas the basic freight is 20 per cent. With the brokerage being paid on the balance 20 per cent how can broking survive? So recently we discussed this serious issue in our AGM and represented it to the trade.



Second problem is service tax. All the years we never had the issue of paying service tax on brokerage. With the recent negative list, service tax has become applicable to our payments as well. We have appealed to the shipping lines to add the service tax component when we raise bills and pay such collected tax to the government. We heard from Container Shipping Lines Association (CSLA) that they are deliberating on this.

Kolkata port is witnessing stagnant business especially on exports, which were its mainstay. Traditionally we have been dealing with Jute products, tea, cast iron, shellac and some engineering goods. Poor infrastructure adds to our woes and makes cargo handling a nightmare. Paucity of berths at Haldia, limited draft and shortage of cargo handling equipment are causes for concern. Once enjoyed the number one position among ports in India now Kolkata has lost that glory.

Several promises were made to the trade about improving facilities at the port but none have seen the light of the day. It is not at all encouraging to see that cargo like mica, scrap, woollen carpets which were moving from Kolkata port now shifting to other ports. Since Kolkata port is the gateway not only for West Bengal but also for neighbouring states in East India, North region and Nepal, the Government must focus on the developmental aspects of this region. 



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