



Guiding Spirit to Shipping Industry

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Unfortunately labor costs in India have crossed the threshold limits. We have missed the bus: DR

SS: Out of fifteen million TEUs handled at government owned ports annually, hardly two million TEUs are handled at East coast ports. Mundra and JNPT ports handled over 70 per cent of the container traffic in the country. What is ailing the ports in the East coast -Lack of governmental patronage leading to inadequate port infrastructure and Rail connectivity or Congestion?

DR: India's major industrial clusters have grown in and around Delhi. Auto and steel clusters near Delhi steel market in Jullundur and Ludhiana. Because of the liberal tax concessions announced for Uttarkhand when the state was formed, there has been lot of industrialization around Pant Nagar and Dehradun.

If you go by the geographical location, Kolkata port should have been the ideal and viable route to reach Delhi. But Kolkata being a river side port along with draft restrictions and other issues, the Port could not make it. There is also general lack of efficiency in the port operations in Kolkata.

So the entire North cargo shifted to JNPT near Mumbai when the port got established in late Nineties. Mundra port was even better success due to the efforts of DP World and Adani group. The port has a direct non- electrified railway track connectivity to North India. The port also enjoys the exclusive benefit of the New Delhi JNPT Freight corridor.

Though the corridor technically starts from JNPT in Maharashtra, the presence of electric rail traction between Ahmedabad and Mumbai came in the way of moving double stack containers in this segment. Hence the freight corridor



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between JNPT and Delhi will be exclusively used by Mundra port. CONCOR is running most of its freight trains to Mundra port from Delhi. The Adani group has also set up Logistics Park along the freight corridor to North India. The group also has license to run private freight trains.

Even Nepal cargo which has now got shifted to Visakhapatnam Port from Kolkata, may move over to Mundra port once the freight corridor gets fully commissioned. Mundra port is closer to Nepal than Visakhapatnam.

The cargo meant for Hyderabad or Nagpur from the far-east will also move to JNPT and skip Chennai and other east coast ports because of freight advantage.

The steaming time from China to Chennai may be 7to 8 days while in the case of JNPT it will be 13 days. The JNPT has the port infrastructure to handle bigger container vessels and hence the freight cost to the west coast port would work out cheaper by 200 US dollars per container than if it is moved through Chennai port.

Cochin port does not get adequate cargo since Kerala has no major industries. The port

is surviving of coastal cargo from Gujarat mostly tiles used in construction industry in the state. Chennai port is getting some cargo because of the local industry. Since no new major industry has up in the southern Metropolis during the last ten years, the cargo handling in Chennai Port has remained flat. The same is the situation in VOC Port Tuticorin.

Krishnapatnam port is bound to outstrip the Visakhapatnam port over a period of time. The port will be preferred destination for Hyderabad cargo

SS: What needs to be done to improve the cargo volumes in East coast ports? The entire India cargo from the Far-East and Singapore Port goes straight to JNPT or Mundra ports bypassing the east coast ports. Has this trend become a fact of life or could it be reversed?

DR: Let us assume the east coast ports try to get the cargo meant for Nagpur from far-east from JNPT. They will never succeed since Nagpur is 900 kilometers from Chennai while JNPT is only 700 Kms.

Visakhapatnam is getting Nepal cargo bypassing Kolkata despite the distance because of Kolkata port's inefficiency.

There is some hope for the East coast ports if the Make in India program took off. Unfortunately labor costs in India have crossed the threshold limits. We have missed the bus.

There is no BJP government in southern states barring Karnataka. Under the circumstances these state governments have to pitch in to get more businesses. Otherwise industries will continue to go to North.

SS: Private ports like Katupalli and Krishnapatnam have been able to buck the trend in the East coast. What are the lessons that other east coast ports could learn from the business model of private ports in the region?

DR: The private ports in the East coast like Katupalli and Krishnapatnam have managed to buck the trend because they have taken away the cargo which was going to Chennai port in the last few years.

Chennai port is pioneer in container handling Operations among the Indian ports, having started the business way back in 1980. The first container terminal in the port DP World was handling 1.25 lakh TEUs in 2009. Its turn-over has dropped to 43,000 TEUs last year. The other terminal run by PSA has handled 81,000 TEUS.

This means there is not even one per cent growth in volumes handled in the two terminals, run from Chennai port since the year 2000. The new volumes have gone to nearby private ports and a small quantum to VOC PORT, Tuticorin.

Adani group will develop infrastructure in both Krishnapatnam and Katupalli ports and both the ports are expected to flourish in the East

coast during the next ten years.

I don't think it is the efficiency of the private ports that has led them where they are now. Private ports offer lower berth charges and charge less Vessel Related Charges.

SS: Too many ports in the country are currently involved in transshipment activity, some existing Ports but many in the pipeline. Despite these moves Colombo Port continues to handle major portion of the Indian cargo by way of transshipment. Can you identify measures to improve the transshipment volumes of Indian Ports?

DR: The first attempt to secure transshipment cargo was made through Vallarpadem terminal in Cochin port. Vallarpadam is not getting adequate cargo though it calls itself an international transshipment terminal. For transshipment operations to succeed you need to bring in inbound vessel and another ship to take it out. Vallarpadem port has draft issues.

Vallarpadem port should have come up around 2005 when Colombo port was facing congestion issues. The project was delayed by two years and by that time the port was ready, Colombo port had commissioned the second terminal and got over the congestion problems.

Indian ports should not concentrate on transshipment volumes alone. Singapore or Colombo have no originating cargo and therefore survive on berth hire charges. Indian ports on the other hand have originating cargo. Therefore transshipment operations become less critical for us.

The biggest hurdle the industry faces in transshipment operations in Indian ports is the Paper work (documentation). Not a single document need to be filed in Singapore or Colombo ports so long as the transshipment operations take place within the port premises.

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