

Ocean freight on a **growth** **trajectory**



The projects underway at major ports in India is expected to boost the Indian shipping industry, EXIM trade and economy of the country. Over the years, cargo handled at major ports in India have grown considerably. The containerised cargo export from India has increased over the years with India standing on the ninth position.

 Rashmi Pradhan



The Indian shipping industry plays a crucial role in the transport sector of the country. With 12 major ports (six on the east coast and six on the west coast) and 200 non-major ports in India, plans are afoot to add six more ports. Approximately 95 percent of the volume of India's trade and 68 percent by value is through maritime transport. As per UNCTAD, India with 11.7 million twenty-foot equivalent units of container (TEUs) and a world share of 1.7 percent, ranked ninth in 2014 among developing countries in terms of containership operations. The cargo traffic of Indian ports increased by 8.2 percent to 1052.21 million tonnes in 2014-15. In India's Maritime Agenda, the target for the year 2020 is 3130 million tonnes of port capacity with an investment of approximately Rs 296,000 crores. During an event held in Delhi recently, Nitin Gadkari, Union Minister for Road Transport Highways & Shipping, informed that Indian ports have shown a growth of 2.6 percent, earning profits of nearly Rs 6000 crore.

The major ports in India handled 315.4 million tonnes of cargo during the first six months of FY 2016-17 (April-September) and showed a growth of 5.1 percent as compared to the same period last year. This improvement of performance is the result of many measures initiated by the Ministry of Shipping to improve the performance of the ports. These include mechanisation of the terminals, improving the TAT (turn-around time), quick evacuation of cargo, expansion of infrastructure and skill development of employees.

Kandla Port handled the maximum cargo during the first six months of the FY 2016-17 (April-September). The Port handled 53.9 million tonnes (17.1 percent) of the total cargo handled by major ports. Paradip was a close second at 42.6 million tonnes (13.5 percent) followed by Jawaharlal Nehru Port Trust (JNPT) at 30.8 million tonnes (9.8 percent) and Mumbai Port at 30.8 million tonnes (9.8 percent). Vishakhapatnam Port handled 30.6 million tonnes cargo (9.7 percent) followed by Chennai at 25.8 million tonnes (8.2 percent), VO Chidambaram at 19.3 million tonnes (6.1 percent). New Mangalore Port handled 17.5 million tonnes (5.5 percent) of cargo followed by Haldia Dock Complex at 16.2 million tonnes (5.1 percent), Kamarajar Port at 14.8 million tonnes (4.7 percent).

India continues to be one of the bright spots in the global EXIM trade of containerised trade, stated Maersk Group Trade Report 2016. However, highlighting the global trade, the report mentioned that the global trade growth has been tepid for over five years now and the trend is expected to continue in



Jawaharlal Nehru Port

2016. Growth in the volume of global trade in 2016 is estimated at 2.8 percent largely unchanged from what it was in 2015.

Franck Dedenis, managing director – India, Sri Lanka & Bangladesh Cluster, Maersk Line, said, “Although 2016 did not start on a positive note in terms of global trade for the world, the Indian market has grown consistently in the first half. This is primarily due to a relatively strong US economy and a slight improvement in the European market. Traditionally, Europe and North America have been India’s largest trading partners and account for over a third of the containerised trade, so when they do well India benefits.”

JNPT is the largest container port in India operating three container terminals with the handling capacity of 4.49 million TEUs. Anil Diggikar, chairman, JNPT, informed, “The port has maintained its premiere position in container handling with capacity utilisation of over 97 percent and handling over 55 percent of total volume



The terminal, awarded to a SPV of Port of Singapore Authority and BMCTPL, will develop two km of jetty in two phases by November 2017 and November 2022 respectively which would have handling capacity of 4.8 million TEUs.

Anil Diggikar
JNPT

of container capacity by all major ports in the country. In a move to become one of the top 10 ports in the world, JNPT has been efficiently implementing

world-class infrastructure facilities for smooth EXIM movements, adopting green initiatives and foraying into overseas routes to expand its reach.”

Jawaharlal Nehru Port has handled 64.03 million tonnes of cargo during FY 2015-16, out of which the containerised cargo was 56.79 million tonnes (88 percent), liquid cargo at 6.50 million tonnes and the remaining 0.73 million tonnes was dry bulk cargo/break-bulk cargo. The total income was registered at Rs 1,951 crore with a rise of 8.79 percent against the previous year’s Rs 1,809 crore.

Krishnapatnam Port currently has a 1.2 million TEUs capacity terminal with five super post panama gantries. Vinita Venkatesh, Container Terminal Director, Krishnapatnam Port, said, “We are currently handling the largest vessels calling the east coast of India. Our draft is currently 13.5 metres alongside the container terminal and we have capability to provide a draft of 18 metres should any liner require. Our rail connectivity brings the train right into the container terminal from where we offer high speed transfer and last minute connectivity to/fro vessel for ICD Bangalore and Hyderabad.”



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Maersk Line

Increasing productivity

According to Maersk Line, countries like India are a silver lining in a slow global economy and can be counted upon to assist the growth of global trade.

To reduce the dwell time at port, every trailer at Krishnapatnam Port is tracked with RFID for faster clearance at the gates. Pre-advise using soft copies, to avoid delay when the trailer comes to the gate separate storage areas in the container yard for containers meant for examination/de-stuffing. Close coordination with customs team for faster OOC clearances for adequate yard equipment.

Jawaharlal Nehru Port has introduced Inter Terminal Movement of Tractor Trailers (TTs) between three terminals, which has resulted into cutting at least 7.5 km of movement on the road. The port has allotted two dedicate parking plots of six hectares each to private terminal operators - APM Terminals (APMT) & Nhava Sheva International Container Terminal (NSICT) to be used as a holding area, to ensure that factory stuffed containers are objectively streamlined.

“Going forward, we expect Indian growth to be driven by the emergence

of new destination markets, a strong US demand and a recovery in Europe. Taking all these factors into consideration, we can expect Indian trade to clock 8-9 percent growth for the full year 2016, which will be four times the growth of global trade,” explained Dedenis.

GST impact

The much-awaited GST (Goods and Service Tax) with its possible implementation announced by April 2017 is set to be one of the biggest game changers for the trade and industry in India.

Welcoming the GST initiative, Vinita, said, “This will make for seamless movement of imports and increase the availability of containers at the port thus reducing the cost of empty repositioning for the lines. The ease of doing business will increase for the service providers such as CHAs/forwarders/transporters who are currently grappling with the impact of differential taxation regimes across states. This will make it possible for the EXIM trade to draw the full benefits of the efficiency of the world class infrastructure available at Krishnapatnam Port Container Terminal.”

Greg Howard, CEO, CaroTrans International, stated, “GST will be one of the biggest changes brought by the Indian government in its taxation policy. It will aid in the ease of cargo movement across India, which will provide significant cost efficiencies to various industries, supply chains and change the warehousing landscape. GST will replace the current complex state taxation policy and unifying it under a single taxation policy across India.”

Globelink WW India and CaroTrans have an exclusive strategic partnership to develop LCL and FCL trade between India and the US. Over the last five years, both organisations have invested resources in developing the direct LCL services between various origin and destination points in both countries to ensure there's value offered including the faster movement of shipments, cost effectiveness and safe transport which includes avoiding long inland movements to reach designated historical hubs.

Projects in pipeline

Increase in the port capacity will help to develop EXIM trade. Dedenis added, “As a matter of fact, India is implementing several 'ease of doing

TOP 20 EXPORTERS OF CONTAINERISED CARGO

RANK	EXPORTER	2014 TEUS (MILLIONS)	2013 TEUS (MILLIONS)	2010 TEUS (MILLIONS)
1	China	36.0	34.2	31.3
2	United States	11.9	11.5	11.2
3	South Korea	5.93	5.79	5.20
4	Japan	5.28	5.20	5.74
5	Indonesia	4.00	3.59	3.00
6	Thailand	3.92	3.78	3.40
7	Germany	3.32	3.24	3.00
8	Taiwan, China	3.25	3.24	3.41
9	INDIA	3.07	2.95	1.90
10	Vietnam	2.94	2.63	1.61

TOP 20 IMPORTERS OF CONTAINERISED CARGO

RANK	IMPORTER	2014 TEUS (MILLIONS)	2013 TEUS (MILLIONS)	2010 TEUS (MILLIONS)
1	United States	19.6	18.4	17.6
2	China	14.7	14.4	12.0
3	Japan	6.55	6.34	6.10
4	South Korea	5.09	4.80	4.50
5	Indonesia	3.17	3.13	2.50
6	Germany	3.00	2.78	2.80
7	United Kingdom	2.64	2.42	2.50
8	Taiwan, China	2.53	2.42	2.50
9	Australia	2.52	2.45	1.80
10	Vietnam	2.47	2.19	2.00
11	INDIA	2.39	2.21	2.00

Source: : IHS Global Insight, World Trade Service

business' initiatives and is investing in infrastructure development, to improve its global competitiveness and drive sustained economic growth. This will also help to realise the vision of Sagarmala and Make in India programmes."

A special purpose vehicle (SPV), India Ports Global, a joint venture between JNPT and Kandla Port Trust, in partnership with Iran's Aria Banader was formed to further develop and operate Chabahar Port. The bilateral agreement between India and Iran gave India the right to develop two berths of the Chabahar Port and allowed them to operate for 10 years. India Ports Global

has guaranteed handling of 30,000 TEUs by the third year of operations, and aims to eventually handle 250,000 TEUs. India Ports Global will modernise ancillary infrastructure by installing four rail-mounted gantry cranes, 16 rubber-tire gantry cranes, two reach stackers, two empty handlers, and six mobile harbor cranes. Upon completion of upgrade works agreed to in May 2016 agreements, Chabahar's capacity will be increased to eight million tons from the current 2.5 million ton capacity.

Another big development is the International North-South Transport Corridor, the ship, rail, and road route for moving freight between India, Russia,



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CaroTrans International

Iran, Europe and Central Asia. The route primarily involves moving freight from India, Iran, Azerbaijan and Russia via ship, rail and road. The objective of the corridor is to increase trade connectivity between major cities such as Mumbai, Moscow, Tehran, Baku, Bandar Abbas, Astrakhan, Bandar Anzali, etc.

The strategic and customer-oriented initiative to uplift and modernise the ports in India by way of Sagarmala project will contribute towards India's growth. The project looks towards transforming the existing ports into modern world class ports and integrate the development of the ports, the industrial clusters and hinterland and efficient evacuation systems through road, rail, inland and coastal waterways resulting in ports becoming the drivers of economic activity in coastal areas.

Krishnapatnam Port will add another 4.8 million TEUs of capacity, bringing the total capacity of the port to 6 million TEUs.

Kandla Port Trust is setting up Container Terminal at Tuna-Tekra Kandla Port on BOT model. The estimated cost of the project is Rs 2250 crore with a



Krishnapatnam Port



Inland Port Greer

capacity of 2.19 million TEUs per annum.

JNPT has signed an agreement with State Bank of India (SBI) and Development Bank of Singapore (DBS) for External Commercial Borrowing (ECB) to the tune of \$400 million at a very competitive interest rate to improve the infrastructure required for doubling its existing annual capacity. Diggikar, informed, "The project will primarily benefit and cater to the needs of JNPT and an improved connectivity is essential for traffic evaluation from JNPT. It is of great significance to JNPT and will give a boost to the country's economy. This project will cater to the additional cargo which will be handled at the fourth container terminal. JNPT is going to double its capacity in the next seven years. This evacuation corridor would help in supporting the EXIM trade besides providing economic opportunity to the local region."

Indian government's decision to allow upto 100 percent FDI under the automatic route for port and harbour construction and maintenance projects



CaroTrans announced a new direct, weekly LCL service from Atlanta to Nhava Sheva, India to address increased demand from the US Southeast and Gulf regions. This service offers extremely competitive transit times, from the Gulf – 38 days, and the Southeast – 33 days.

Venkatesh N
Globelink WW India

has helped to boost the shipping industry. JNPT is in the process of developing the fourth container terminal, which is India's biggest FDI project in Port sector, with an investment of Rs 7915 crore. Diggikar informed, "The terminal, awarded to a SPV of Port of Singapore Authority and Bharat Mumbai Container Terminals Pvt. Ltd. (BMCTPL), will develop two km of jetty in two phases by November 2017 and November 2022 respectively which would have handling capacity of 4.8 million TEUs."

As part of the growth strategy of developing direct trade lanes, CaroTrans/Globelink WW have established yet another export service from the US East Coast to India. This service provides a much faster transit from the US Southeast and Gulf regions (as compared to via New Jersey or Los Angeles), as well as the added advantage of less cargo handling. Venkatesh N, Vice President – Commerical, Globelink WW India, elaborated, "We are aiming towards serving the requirements of our customers in Western and Northern parts of India. CaroTrans announced a new direct, weekly LCL service from Atlanta to Nhava Sheva, India to address increased demand from the US Southeast and Gulf regions. This service offers extremely competitive transit times, from the Gulf – 38 days, and the Southeast – 33 days." In 2017 more direct trade lanes will be opened up such as direct service from Tuticorin to New York, and Chennai to Los Angeles. ●