



Guiding Spirit to Shipping Industry

# Sagar Sandesh

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## SHIPPING - 4



**CMA CGM appoints Rajesh ...**

## LOGISTICS - 7



**PM Modi at Davos: India making ...**

## EXIM - 9



**Every citizen must consider it as his ...**

## PORT - 10



**Chennai port all to exceed the target ...**

# To make coastal shipping a reality a full logistic support should be in place: Mr.M.S.Arun



**Mr.M.S.Arun** Chairman Chennai Chapter, National Association of Container Freight Stations

Despite the measures the government has taken and will continue to take to promote coastal shipping, it has not taken off as expected. The benefits of coastal shipping like cost effectiveness, fuel efficiency and eco-friendliness have been fully exploited by the developed countries where the share of the coastal shipping in cargo traffic is easily a big number compared with what it is in India. Coastal shipping cannot operate on its own but it needs rail and road connectivity. The Centre, however, has shown keen concern in developing the coastal shipping in its flagship project, Sagarmala programme which focuses exclusively on developing the shipping-related infrastructure requirements. The Government has been repeatedly pointing out that the share of the coastal shipping in domestic cargo movement is a mere 7%.

In fact, the government has gone all out to promote coastal shipping; it has set aside massive money for port modernization, building new ports, enhancing port connectivity and developing coastal communities. Experts have also asked for terminals and handling facilities on the inland waterways so that the thousands of kilometers of river network can be used and connected with the ports. And expanding the cargo profile is also another important fact on the agenda for developing coastal shipping.

More significantly, a practical business-oriented initiative to see the development of coastal shipping is to address the concerns of the user community. Mere infrastructure without the strong back up of the user community will be an investment without profit. And the user community will demand assured reliability of service coupled with adequate frequency. And there must be inviting ease of doing business facility with less stringent regulations.

In the exclusive interview for *Sagar Sandesh*, Mr M.S.Arun, Chairman Chennai Chapter, National Association of Container Freight Stations, discusses both the East Coast ports and the West Coast ports and the kind of imbalance between them in cargo handling. Naturally, the issue of Direct Port Delivery also finds a place.

### Interview

**Sagar Sandesh:** East coast ports from Visakhapatnam to Chennai are working at fifty per cent of their cargo handling capacity while the ports like JNPT Mundra Kandla are overworked. What are your concrete suggestions to balance the situation so that both the problems are addressed?

Industries by and large are situated in North India. They are evacuating the cargo mostly through the west coast ports. What are the improvements in railway infrastructure you would suggest to make the shippers use the unutilized capacity in the eastern ports?

**Mr Arun:** The container rail connectivity from Chennai, especially, is very poor. There is no scheduled service to Hyderabad and North India from Chennai. This has led to cargoes from far-eastern countries to the natural destinations in the east coast being shipped to JNPT & Mundra, leading to congestion at the West Coast ports and underutilization at the eastern ports. The railway tariff could also be made competitive so that the congestion at west coast is reduced and the underutilized east coast can be energized.

**SS:** What kind of railway infrastructure you would need so that these ports use the capacity which has been created through funds from the public exchequer?

**Mr Arun:** Common user terminals should be created at the inland cities so that private trains can use these terminals. Concor terminals do not allow private trains to operate thereby being monopolistic. Railway charges should be the same for both Concor and Private train operators.

**SS:** What are the steps needed to attract liner vessels to the East coast Ports.? Currently most of the cargo handling in eastern ports is through feeder vessels which take to goods either to Colombo or Singapore.

**Mr.Arun:** Main line vessel calling depends on volume aggregation. Due to rail connectivity most of the cargoes from far-east is destined to west coast ports. If these cargoes were to come to east coast then there would be more main-line vessels calling here, since large volumes of cargo comes from China.

**SS:** Government has given several concessions to Coastal shipping during the last few years like exclusive berths in ports priority berthing for ships, spate of concessions for coastal cargo. Still Coastal shipping has not taken off. What are steps to be taken to increase the volume of coastal Shipping ?

**Mr Arun:** Coastal shipping is a green initiative. This should be encouraged in order to de-congest roads and reduce the carbon footprint. Also, cargoes need first-mile and last-mile connectivity. Hence, to make coastal shipping a reality a full logistic support should be in place. Only logistic companies can undertake the point-to-point movement. Hence, logistic companies willing to undertake both land and sea movement should be given concessions and encouraged. Since coastal shipping requires two way cargoes, the logistic companies should be given incentives till they are able to attract return cargoes.

**SS:** How do you see the growth potential of Chennai port in the light of stiff competition from Krishnapatnam, Katupalli and Ennore ports, is it not the case of too many Ports sharing the same hinterland chasing too few cargo. What are steps needed to expand the hinterland ?

**Mr Arun:** When there was only one terminal at Chennai Port they were handling 1 million TEUs. With the addition of the second terminal Chennai Port handled 2 million TEUs. With Kattupalli becoming operational, all the three terminals are handling 3 million TEUs. Hence, Chennai Port has been able to maintain their volumes.

**SS:** With the increase in cargo handling through direct port entry of exports and direct port delivery of imports, What is the future of container freight stations?.

**Mr.Arun:** Container Freight Stations will have to re-orient themselves and cannot continue to be pure CFSs. CFSs should provide value-added services. They will have to be full-fledged logistic players. They will have to cater to bonded and general cargoes.

**SS:** What will be the future of Chennai port in the light of competition and evacuation issues?.

**Mr Arun:** With the shift of coal and dirty cargoes out of Chennai Port, the rail infrastructure inside the Port should be better utilized for hinterland movement of containers.

**SS:** Indian ports put together handle 75 per cent of the containers handed by Shanghai port. What is the outlook for the Indian port industry since India is seen as a growth centre next only to China in the coming years?

**Mr Arun:** India is not dependent on exports only. We have a robust domestic industry and domestic consumption. Hence, we do not have the port volumes of China. With the 'Make in India' slogan, we may see an increase in exports in the future.