

There is a long way to go to cover the losses but at least there is light at the end of the tunnel: Capt K P Rajagopal

LNG Terminal

dedicated to ...



as best friends

in need

Capt K P Rajagopal

Capt K.P.Rajagopal is an alumnus of "Training Ship Rajendra", passed out in 1979, and has had a sailing career with the Shipping Corporation of India, as well as with Cargill's shipping arm named Tradex Shipping (OSM) for a period of 17 years on a variety of Merchant ships like, Tanker, Container, OBO & Bulk Carriers.

He has a Post Graduate Diploma in Ecology and Environment from "Indian Institute of Ecology and Environment".

He served as the Chief Operating Officer of FILSA SHIPPING (a joint venture between FESCO, Russia and Indian Partners) managing a Fleet of 8 vessels on a Liner Trade between India and Far East from 1995 to 2000.

From 2000, he was involved in Maritime Training and Technical consultancy. He developed 12 Simulator Programs for Shipboard Navigators: Radar Observers, ARPA & Ship Handling courses. He is a certified instructor for Warsash Maritime University's, (Southampton) "Liquid Cargo Handling Simulator". He has written a book on "Bridge Resource Management". He has drawn up manuals and implemented "Safety management Systems" for several shipping Companies.

He is an approved "ABS" & "Indian Register of Shipping" Security Consultant having Inspected and assessed the security requirements of over 50 ships (including Tankers) under the new ISPS code. He has been part of the Team which conducted the Safety & Security Assessment for the Port of MASSAWA AND ASSAB on behalf of the Government of ERITREA (AFRICA).

In the year 2005, he was part of an International Team which did an assessment of Port of Cotonou, Benin Port Operations, Safety and Security under a scheme Funded by "Millennium Challenge Corporation (MCC)–Govt of USA" Chaired by Ms Condalisa Rice, the then Secretary of State.

In 2011 he coordinated the operation to evacuate 2159 stranded Indian Citizens by Sea from civil war torn State of Libya, aboard MV Scotia Prince between 22nd Feb 2011 and 10th March 2011. He played a pivotal role in locating and getting the right ship chartered to the Ministry of External Affairs (MEA), Government of India, within hours of getting to know of the requirement. He coordinated all activities on board MV Scotia Prince and liaised with MEA, Head Owner, Disponent Owner, Master and Crew on board, trained the Crew in the short time to adapt to the environment and to board and disembark the evacuees in the most efficient and effective manner.

He has been Chairman of The Institute of Chartered Ship Brokers, (UK), East India Branch and the Nautical Institute, India South Branch.

He has over decade experience in Project Management and Port Operations and is the Senior Vice President with IL&FS Maritime.

Interview of Capt K P Rajagopal, Senior Vice President, IL and FS Maritime Infrastructure Company Limited.

Sagar Sandesh: Can you give us an update on the Shipping industry which remains stuck with recession for the past ten years? We are told that freight rates are going up in the last few months. With the era of alliances taking place in the global shipping industry, how has it helped to revive the industry? What is your take on industry's future in near future? **Capt K P Rajagopal :** We are in 'Now in an Era of Mergers and consolidation'. However since 1990's the Shipping Industry saw very many new comers and the established market leaders too formed smaller subsidiaries for working in niche markets. This proliferation took advantage of the sudden Cargo growth which the World witnessed from early 2000's, mainly driven by China. Post 2008, when the World started getting into depression due

Network to

Become ...

sub-prime crises, the Cargo growth started to dwindle. This drop in World Trade was out of Synch with the New Building Order book. The ensuing supply demand gap almost wiped out close to 50per cent of the market cap of the Vessel Valuation. Many big names went under. This has again forced the industry to introspect and the result is mergers and consolidation.

Turn to Page - 2

for installation

of 500 Kw ...



K.P.Rajagopal, Captain Senior Vice President, IL and FS Maritime Infrastructure Company Limited, strikes an optimistic note when he says that for the shipping industry, now there is light at the end of the tunnel. He argues: The Keys to watch out are (i) Increase in Seaborne Trade (ii) New Order Book. If these 2 are in synch, then there would be period of relative stability ie Ship Owners would be 'Stable" and that would result in a SAFE market for both Ship Owners and Cargo Owners without the kind of instability and bankruptcies which we saw in 2015, 2016 & 2017 across Dry, Liner and Offshore Industry

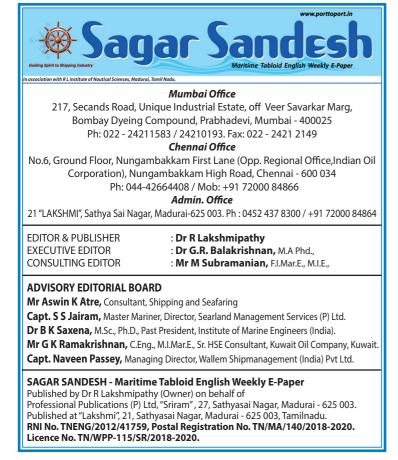
This situation underscores in one sense a basic business attribute; A global industry is subject to, generally, unforeseen ups and downs in the trade since it is inevitably impacted by the micro and macro business environmental factors and all global trades have managed to survive through difficult situations. Shipping is no exception. A tunnel, we understand, must end at one point or another and there is bound to be light. The Captain's words ring true; the shipping industry will sustain itself under any circumstances and one way it found to see the challenges out was mergers and alliances This sort of consolidation is an acute business strategy

that discreetly exploits the strength of the other company for mutual benefits. Alliances and mergers express the deep-seated business instinct that will strive to survive.

The excellence of a business genius is to know how to come to the top but also to know how to remain there. It needs a vision which is based on the practical experience of long standing and the lesson that any experience teaches gives the innate talent to know and understand one's strength and weakness; it does not stop there; it also knows the strength and weaknesses of the competing rivals. This leads one to see tomorrow now; to see the future in the present. Mapping the future as much as possible is an inevitable business strategic thinking. And this thinking is manifest when DP World ropes in top management schools to train its employees. Really a great move and almost all successful corporate follow this practice. An inefficient employee is irksome liability. And the reputed management schools assure that they will so train them that inefficiency need not and will not be a source of worry to the administrators.

DP World Signs Top Dutch Educators to Prepare Next Generation of Business Leaders

Wishing you an interesting and informative reading, and with warm regards.



There is a long way to go to ... From Page -1



Kawasaki Kisen Kaisha Ltd. President Eizo Murakami (left), Mitsui O.S.K. Lines Ltd. President Junichiro Ikeda (center) and Nippon Yusen KK President Tadaaki Naito join hands after announcing in Tokyo that they will merge their container operations Slowly the bargaining power (which was with the Cargo interest since late 2008) is seen shifting ever so slowly towards the Ship Owners. There is a long way to go to cover the losses suffered in the past 8 to 10 years, but at least there is light at the end of the tunnel.

The Keys to watch out are (i) Increase in Seaborne Trade (ii) New Order Book. If these 2 are in synch, then there would be period of relative stability ie Ship Owners would be 'Stable'' and that would result in a SAFE market for both Ship Owners and Cargo Owners without the kind of instability and bankruptcies which we saw in 2015, 2016 & 2017 across Dry, Liner and Offshore industry, Hanjin being a 10 on the richer scale, setting scores of tsunamis across the world with containers piling in ports with huge claims.

(To be Continued)

Milaha Launches First Ever Container Feeder Service between Qatar and Iraq

NEW DELHI Sagar Sandesh News Service

Qatar-based ilaha. а Maritime transport and logistics conglomerate, has announced the launch of a direct container feeder service between Qatar and Iraq. The new service, which will be an expansion of the existing Qatar-Kuwait service that the company launched last year, will follow a Hamad Port-Umm Qasr (Iraq)-Shuwaikh(Kuwait)-Hamad Port rotation, and will be initially served by one vessel with a 1,015 TEU capacity and 110 reefer plugs.

The service will have a transit time of 2 days, making it particularly ideal for dry and refrigerated food stuff, consumer electronics, and construction materials, among other cargo. The first vessel will depart from Hamad Port on 7 May2018 and reach at Umm Qasr Port on 9May 2018.

Commenting on the launch of the new service, Milaha's President and CEO Mr. Abdulrahman Essa Al-Mannai said: "There has been excellent demand on the Qatar-Kuwait service that we launched last year, and we have been looking at ways to further expand that service to give our Iraqi clients and partners more convenience



The service will have a transit time of 2 days, ideal for dry and refrigerated food stuff

through greater port coverage and reduced transit times. This new service will contribute to the reconstruction efforts in Iraq, and will also help boost the growing trade and economic relations between Qatar and Iraq."

.....

Milaha continues to enhance its international presence and diverse portfolio of maritime and logistics services. Since last year, the company has expanded into several new shipping routes and accelerated deployment of new supply chain solutions across a number of countries. Milaha currently calls 2 ports in Oman (Sohar and Salalah), 3 ports in India (NhavaSheva, Mundra, and Kandla), one port in Kuwait (Shuwaikh), one port in Pakistan (Karachi), one port in Sri Lanka (Colombo), and one port in Bangladesh (Chittagong), offering enhanced connectivity and transit times to Qatar and the region.

The company was established in July 1957 as the first public shareholding company registered in Oatar and holds commercial registration no. 1. Milaha's current activities include marine transportation in gas, petroleum products, containers and bulk; offshore support services; port management and operations; logistics services; shipyard; trading agencies; real estate investments; and asset management.

The legal entity, Qatar Navigation Q.P.S.C. (QNNS), is publicly listed on the Qatar Exchange.

For Advertisement Please Contact : admin@porttoport.in 0452 - 4378300 / +9172000 84864



In association with R L Institute of Nautical Sciences, Madurai, Tamil Nadu. RNI No. TNENG/2012/41759 Wednesday, May 16, 2018

In India it takes anywhere between 10 to 15 years till a unit is generated: Capt K.P.Rajagopal



Capt K P Rajagopal

••••••

Interview continues.

Sagar Sandesh: Your company is developing a green field port in Port Novo near Cuddalore, at fifteen million ton capacity A string of thermal plants including a mega power plant at Sirkzhi by Neyveli Lignite Corporation were planned a few years back but most of these projects have been put on backburner. With industrialization in Tamil Nadu taking a back seat and increased dependence on renewable energy like wind and solar energy, what is the future of thermal plants in the region?

Capt K.P.Rajagopal: Our Port would be a captive facility when built and we would build it in phases as per the requirement of our group's Power Plant, which is producing 1200 Mw presently and likely to expand to 3600 Mw in phases. Therefore we do not see any risk there.

The Thermal Power sector has been a neglected child of the past 2 governments. There was a big lull and the country was reeling under Power shortage for over a decade and then suddenly scores of Thermal Power Plants were built and many came on the stream simultaneously. In India we need to understand that it takes anywhere between 10 to 15 years (from the time Land acquisition for a project starts) till a unit is generated. This is abysmally pathetic, but that is our record on date. We tend to be in consonance with troughs ie high demand and no generation on one hand and with the Peaks ie Low Demand and high production capacity on the other hand. Such kind of a synchronization is rare and we seem to have achieved that distinction. This happens due

to the huge lag in planning and execution of Projects (often 5 to 10 years), resulting in huge cost hike and culmination in the above explained grotesque phenomenon. Whole of 2016 & 2017 at least 50,000 Mw remained unutilized, increasing the NPA's in the Power Sector.



A view of NTPL (NLC Tamil Nadu Power Limited)

Now it appears that we have turned a corner, and the demand seems to be on the rise. Hopefully the unutilized capacity would be taken up.

There is no going back on our Renewable Energy Targets. Though it's a big task to get to 175 Mw of renewable power by 2022, we are in the right direction. This by no means would challenge Thermal Power for the next 2 to 3 decades. As we speak we are likely to commence work on the much awaited 1320 Mw supercritical thermal power project (TPP) at Udangudi in Thoothukudi district.

Power Grid Corporation is on the job of synchronisation of all regional grids which will help in optimal utilization of scarce natural resources by transfer of Power from Resource centric regions to Load centric regions. Further, this shall pave way for establishment of vibrant Electricity market facilitating trading of power across regions.

SS: Tamil Nadu has been pioneer on Coastal shipping of coal having established the Poompuhar Shipping Corporation way back in 1973. With both the ships of the Corporation likely to be discarded due to age factor this year, what do you think is the future of the Corporation?

K.P.R: Tamil Nadu truly in the real sense has been in the forefront of Coastal Shipping for over 3 decades and Poompuhar Shipping Corporation has been at the center of it. Though it would have been desirable for Poompuhar to continue to be a Ship Owning Company, Poompuhar has long since been the chartering arm of TANGEDCO to charter in bulk carriers for the coal transport from Haldia/Paradeep to Ennore/Tuticorin and the chartered tonnage has been 10 times the

owned tonnage and hence Poompuhar will not miss being a Ship Owning Company.



It would do a lot of good if Poompuhar recruit professionals and bring in best industry practices in its working and be truly independent of political interference.

.....

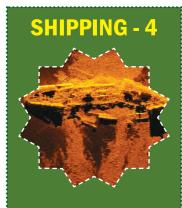
SS: Will chartering of private vessels by TANJEDCO to carry coal from Paradip to Ennore and Tuticorin ports in the absence of their own vessels prove to be an expensive proposition for the state owned company? Should PoompuharShipping Corporation buy ships taking advantage of lower prices in the international market and continue with its forty year old operations?

K.P.R: The Cabotage law is in operation in India. All Chartered in Vessels by Poompuhar are Indian tonnage and many a times foreign tonnage was chartered in when Indian tonnage was not available. In the last 10 years with the prevailing low sea freight, Charterers have had a big advantage. In the last few months, the freight rates are showing a small northward movement, but that does not affect Poompuhar much as most of the charters are locked in for a year at least. The performance of Poomphuhar as a ship owning company, has not been good and has been a drain. Therefore unless the Corporation is given full independence, it may not be a good idea to go in for new building orders now. The second hand market too has bottomed out in 2017 and has turned around. It may be a better idea to get other Indian Ship Owners to invest and take their vessels on long term charters with built in safeguards against uncertainties.

SS: You have signed an MOU with Tamil Nadu Maritime Board for development of Port Novo captive port. What has been progress of the Project?

K.P.R: We are at the Design and Engineering stage and would soon commence constructions after getting all the required permissions from relevant authorities.

Turn to Page - 2 ▶▶



Voyage 7 Wave 15

19th Century Shipwrecks Found ...



Modi, Oli jointly lay foundation stone ...

EXIM - 9



No GST concession for solar contractors



Paradip Port Trust to provide quarters ...

Rajagopal's two Capt ideas need attention from the concerned authorities. He says, "In India we need to understand that it takes anywhere between 10 to 15 years (from the time Land acquisition for a project starts) till a unit is generated. This is abysmally pathetic, but that is our record on date." By implication, it means we are not able to carry out a project in the stipulated time. Apart from the proposed benefits of the project, the cost escalation of the project must prove a serious matter of concern. This will have cascading effect on the regional and the national economy. The governments must take cognizance of the fact that the projects in India do not normally get completed in time.

Second Idea: The performance of Poomphuhar as a ship owning company, has not been good and has been a drain. Therefore unless the Corporation is given full independence, it may not be a good

idea to go in for new building orders now. The second hand market too has bottomed out in 2017 and has turned around. It may be a better idea to get other Indian Ship Owners to invest and take their vessels on long term charters with built in safeguards against uncertainties.

It is for the government to try full independence for the Corporation. At least for some stipulated period with the condition of certain level of performance so that it does not continue to be a source of strain. And the Captain is full of ideas to develop Coastal shipping. It will do well, one can hope, that the government tends to experiment with the ideas put forward.

It is encouraging that Customs and the Posts have come together to promote Indian e-commerce. Any initiative that leads to augmenting the economic aspects of the country must be welcomed and the implementation of the initiative is equally significant now, if not urgent.

Besides regular stories related to ports and bunkering fuel, the findings of the search in connection with the tragic Malaysian Airlines flight MH370 has led to 19 century shipwrecks. Dr Ross Anderson, Curator of Maritime Archaeology at the WA Museum has rightly commented: "Then, as now, the disappearance of so many lives would have had a devastating impact on maritime families and communities,"

And what is rather painful and no less surprising is the unlawful occupation of the highprofile retired personnel from Paradip Port for a long period of about 13 years or so. It has put the port authorities, it is said, in distress that those employees who need quarters have been denied the opportunities. Of course, now the port has taken action in the right direction.

Wishing you an interesting and informative reading, and with warm regards.

Sagar Sandes Mumbai Office 217. Secands Road, Unique Industrial Estate, off Veer Savarkar Marg. Bombay Dyeing Compound, Prabhadevi, Mumbai - 400025 Ph: 022 - 24211583 / 24210193. Fax: 022 - 2421 2149 Chennai Office No.6, Ground Floor, Nungambakkam First Lane (Opp. Regional Office, Indian Oil Corporation), Nungambakkam High Road, Chennai - 600 034 Ph: 044-42664408 / Mob: +91 72000 84866 Admin. Office 21 "LAKSHMI", Sathya Sai Nagar, Madurai-625 003. Ph : 0452 437 8300 / +91 72000 84864 EDITOR & PUBLISHER : Dr R Lakshmipathy **EXECUTIVE EDITOR** : Dr G.R. Balakrishnan, M.A Phd. CONSULTING EDITOR : Mr M Subramanian, F.I.Mar.E., M.I.E., **ADVISORY EDITORIAL BOARD** Mr Aswin K Atre, Consultant, Shipping and Seafaring

Capt. S S Jairam, Master Mariner, Director, Searland Management Services (P) Ltd.
Dr B K Saxena, M.Sc., Ph.D., Past President, Institute of Marine Engineers (India).
Mr G K Ramakrishnan, C.Eng., M.I.Mar.E., Sr. HSE Consultant, Kuwait Oil Company, Kuwait.
Capt. Naveen Passey, Managing Director, Wallem Shipmanagement (India) Pvt Ltd.

SAGAR SANDESH - Maritime Tabloid English Weekly E-Paper Published by Dr R Lakshmipathy (Owner) on behalf of Professional Publications (P) Ltd, "Sriram", 27, Sathyasai Nagar, Madurai - 625 003. Published at "Lakshmi", 21, Sathyasai Nagar, Madurai - 625 003, Tamilnadu. RNI No. TNENG/2012/41759, Postal Registration No. TN/MA/140/2018-2020. Licence No. TN/WPP-115/SR/2018-2020.

In India it takes anywhere ...

SS: You have also talked in terms of providing Coal logistics in Cuddalore to the tune of 4.5 million tons a year, Can you elaborate?

K.P.R: The Port to be built at Paragepettai would have a capacity to handle 4.5 MMTPA for the captive requirement of our group's Power Plant in the same location.

SS: Between Cuddalore and Nagapatinam, a number of captive ports have come up in the last twenty years. Now that Bharat Petroleum Corporation has evinced interest in taking over the Nagarjuna Petroleum's long pending refinery and the Indian Oil corporation's proposal to expand its existing refinery in the Cauvery basin, What kind of down-stream industries are likely to come up in the area?

K.P.R: That's not correct. Between Cuddalore and Nagapatinam, there is only one big operating Port and that's Karaikal Port, which is a common Port. The Chemplast Port at Cuddalore, at Karaikal and the CPCL facility at Karaikal are for captive purposes. The Paragepettai Port would be the yet another Port (apart from the Cuddalore minor Port, which in its present state is handling no cargo) and that would be a captive facility too. Therefore there is really no overcapacity at present.



If Nagarjuna's facility does get revived, it may be of interest to see whether the new management would decide to construct a new Port or use existing Ports in the vicinity. The Cargo being petroleum, laying pipe lines from existing ports in the vicinity would bring the capital cost down and make the project more viable. The same argument goes for IOC refinery expansion in the cauvery basin.

SS: Coastal shipping in India has not taken off despite concessions offered by several ports. They include Exclusive berths for coastal cargo and priority berthing for coastal cargo. You had raised the issue at a seminar few months ago about the problems encountered with Customs and Immigration. I am told immigration authorities have different sets of rules for different ports. Can you elaborate?

K.P.R: Transportation of Goods within India is done through Road, Rail, Coastal shipping andby Air. In all of this, Ports (major ports)& Airports are, expensive pieces of infrastructure, built for purpose and domestic cargo handling is incidental and no additional capital is spent for same while building Ports and Airports. Ports thrive on import & export cargo and Airports on Passenger traffic. However that's not the same with Roads and Railways.

• From Page -1

Road infrastructure is built with 80 per cent weightage for freight movement and Railways infrastructure is built with a 50 per cent weightage for freight movement. Therefore the capital spent in Road and Rail for freight movement (read domestic cargo) is very high, yet that cost is not apportioned to the cost of carriage of freight. The cost of freight is merely based on the cost of vehicles that carry the freight. The Capital cost is borne by the state. In today's world the cost of accidents, the environmental cost when freight is moved by Road / Rail are in itself a major disincentive, not to mention the capital cost which is humongous.

Whereas when domestic cargo is carried on the coast, there is a minimum of 2 Port interfaces and at both these ends the cost levied include a part of the capital spent in creating the infrastructure. This is an unfair practice. Also the domestic cargo operators should be allowed to use own labour/ equipment for cargo handling to bring down cost instead of bracketing the stevedoring cost with import/export cargo handling.

Most of the Major Ports (well interspersed geographically) has additional infra and capacity available and can create a "Domestic Corridor" within the Port. It is possible to use technology to secure the cargo to move only through that domestic corridor, thereby assuring Customs that there would be no malpractices. Domestic cargo should move smoothly without any interferences from Customs, with minimum documentation which could be filled once on line without any additional requirements. Same applies to Immigration. Domestic flights within India does not have to seek immigration clearance at each Airport and same should apply for coastal shipping.



The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is an international organisation of seven nations of South Asia and South East Asia, housing 1.5 billion people and having a combined gross domestic product of \$ 4 trillion. India should strive to bring the BIMSTEC member states—Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan, and Nepal under coastal shipping to increase the chances of cargo in both direction (to & fro) to reduce cost.

Since we have no Coastal Ships in any numbers to talk about, the Government may offer innovative incentives either to the domestic cargo interest or the coastal ship operators to invest and move cargo by water. This will be in the interest of nation building.

(To be Continued)

For Advertisement Please Contact : admin@porttoport.in 0452 - 4378300 / +9172000 84864



LOGISTICS - 7

to complete



EXIM - 9 Members of Oman India Joint Business ...



PIL seeks to cancel lease of Kandla Port land to firm, ...

PORT - 10

I expect lot of infra projects to come up providing better connectivity to east coast ports in next few years: Capt K.P.R



SHIPPING - 4

The challenges

consequences

of IMO's new ...

and the

Capt K P Rajagopal, Senior Vice President, IL and FS Maritime Infrastructure Company Limited.

(Interview continued...)

Sagar Sandesh: The ports in the east coast from Visakhapatnam to Tuticorin are working fifty per cent of their capacity while JNPT and Mundra ports in the west coast are overworked during the last few years. Representatives of trade and Industry complain of lack of adequate railway infrastructure between Central India (emerging as manufacturing base of the country) and the east coast ports. They also talk of lack of competitive rail freight tariff to end this imbalance. What is your take on the issue?

Capt K P Rajagopal: It is a fact that the railway infrastructure to east coast ports do not match with the ones created for the ports in the west coast. The dedicated freight corridor linking Mumbai with Delhi expected to be commissioned in the next two years is going to give further fillip to the ports in the west coast

Unlike the ports in the west coast where bulk of the cargo is containerized, Sizeable portion of the cargo handled at the east coast ports are bulk, which are susceptible to lot of changes by the governmental policies. There is also lot of concentration of liner trade in JNPT, Mundra, Pipava and Hazira ports in the west coast.

I expect lot of infrastructure projects to come up providing better connectivity to east coast ports in the next few years. The next five years will be trying time for the ports in the east coast. Liner services are expected to pick up only then.



SS: Is the lack of adequate railway infrastructure between Central India and east coast ports or lower freight cost offered by shipping lines to ports in the west coast responsible for the imbalance? What needs to be done to correct the situation?

Capt K P R: The government should implement the promise given in the parliament a few years ago of building a dedicated rail freight corridor between Delhi and Chennai and Mumbai and Chennai.

Lot of volumes of inter Asia cargo basically from China can be unloaded in east coast ports like Chennai Krishnapatnam and Visakhapatnam. The cargo offloaded here can reach National capital region and central India at least five days earlier than going via JNPT or Mundra. Cargo from south East Asia, China require at least five days additional sailing time if it had to reach JNPT than if they are handled at Chennai port.

The dedicated corridor between Chennai and Delhi linking Nagpur will go a long way to improve the railway infrastructure for east coast ports.

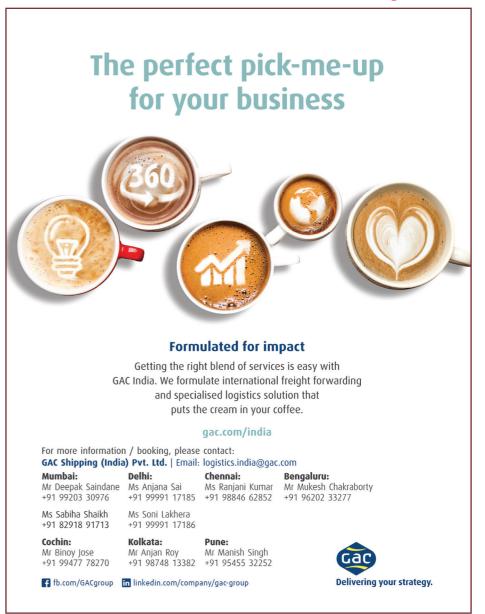
SS: Do you think cargo volumes available in east coast ports warrant a dedicated corridor between Chennai and Delhi and Chennai and Mumbai?

Capt K P R: The ports in the country are handling one billion tons of cargo. In the next five years the growth is expected to be phenomenal. Additional capacity will be required to handle the increased volume of trade. The government is building five ports to meet the future requirement. Along with the ports rail connectivity is also a crucial factor for movement of goods. It is a chicken and egg story and the government should not drag its feet on providing adequate rail connectivity to east coast ports.

industry is also likely to change drastically. The change will have implications for the logistics sector as well. The model will be stock and sell and ware houses will be constructed in various parts of the country. The E commerce will ensure that those who have stocks at various cities alone can survive in business. Unless you have stocks on hand, you will lose out on business.

Post GST the inventory model of the

Turn to Page - 2



The performance of the east coast ports will get boosted up if the infrastructure facility, the promised ones, is completed, says Captain K.P.Rajagopal in the concluding part of the interview. It does not require any elaborate explanation on the importance of connectivity for efficient performance of the ports. Connectivity promotes trade at all levels, it is a very common experience of all the industries and shipping is no exception. With regard to shipping industry, he has very good words to say: "After a ten year depression the shipping industry is turning around. I expect a lot of developments in India in the next five years." He has expressed hope that Vizhinjam and Colachel port will prove good in performance if the government improves infrastructure and rail connectivity. And he adds, Vallarpadam terminal at Cochin port is bound to stay notwithstanding the criticism about its poor performance. The port is going to stay but the growth will be slow."

It can be seen that lots of things that will fetch improvement in infrastructure and as a consequence in the very trade itself depend on implementation and when we think of implementation, our records do not unfortunately inspire us.

Climate has Change attracted the attention of the international governments though the US has made a dramatic withdrawal from the climate change projects. India, however, remains steadfast to its commitment to reduce greenhouse gas emissions at all costs. And we can see the government is taking a slew of measures to curb pollution. Its genuine concern for the environment can be easily seen in its initiatives to encourage e-buses.

As for the shipping industry is concerned, it is and has to be feverishly preoccupied with finding ways and means of achieving compliance with the stringent but necessary IMO's emission regulations, effective from 2020. Endless discussions have taken place as to which alternative, cleaner fuel or scrubber, will make cost effective shift in the shipping operations. Despite the fact that the IMO appears very determined in implementing the new regulations, analysts feel that the shipping industry is ill-prepared for the new regulations and it is argued that ultimately with the implementation of the new rules, moving things will cost more and it will affect everybody, even the common man To quote Alpha Tanker's Wilson: "It is going to make anything moving more expensive."

Wishing you an interesting and informative reading, and with warm regards.

I expect lot of infrastructure.. From Page -1

This would mean increased movement of cargo between various cities and the railways business is bound to increase. Railways will no longer insist on return cargo for running freight services.

SS: Cargo from China and far eastern countries meant for central Indian cities like Hyderabad and Nagpur are currently handled at JNPT despite the freight advantage in East Indian ports. Imported Toor dhal from Myanmar and bound to Nagpur for processing is also handled at west coast ports. A coastal shipping company which organized a service to Chennai had to abandon the service since CONCOR failed to provide service from Chennai to Nagpur. Central Indian cities in eastern Maharashtra are emerging as manufacturing centers and are close to east coast ports. How do you improve the railway connectivity?

Capt K P R: Cargo from China and far eastern countries like Japan and South Korea and bound for National capital region and Nagpur will reach their destination at least one week earlier if they are handled in ports like Chennai and Krishnapatnam than via JNPT as is being done now. Freight costs will be less by at least fifteen per cent.

East coast ports have distinct advantage in handling cargo from China and Far East. What geography has provided us we are unable to take advantage because of lack of adequate railconnectivity?

SS: Krishnapatnam port has done well in transshipment business for the past several months. Chennai port is also entering transshipment business in a big way soon. Singapore and Colombo ports have been cornering the transshipment business of east coast port for several decades. What are the measures these ports should adopt to attract more transshipment business?

Capt K P R: Transhipment business for the east coast ports is a sound business proposition. Besides



the east coast ports Krishnapatnam and Chennai could attract cargo from Bangladesh and Myanmar. Both Bangladesh and Myanmar are closer to east coast ports compared to Singapore or Colombo. I see a lot of scope for transshipment business and they should work on it.

Singapore port has advantages to handling cargo form countries like Indonesia, Philiiphines.

SS: Will the transshipment terminals coming up at Vizhinjam and the one proposed near Colachel help to reduce the dependence on Colombo and Singapore?

Capt K P R: After a ten year depression the shipping industry is turning around. I expect a lot of developments in India in the next five years. Seventy five per cent of the construction work at Vizhinjam port is completed and it is a question of time before the port is commissioned. With the agitations by fishermen intensifying forcing the authorities to shift the location of the port thrice in the last two years, it will take at least five years till the foundation stone is laid for the Colachel port, The government has to improve infrastructure and rail connectivity to both the proposed ports.

Vallarpadam terminal at Cochin port is bound to stay notwithstanding the criticism about its poor performance. The port is going to stay but the growth will be slow.

(To be Continued)

China's naval ambitions to control **Pacific and Indian Ocean regions**

NEW DELHI Sagar Sandesh News Bureau

hina has ambitious plans ✓to turn Taiwan into a major nuclear and conventional military base, a move which will allow it to project its might into the Indian Ocean and consolidate control over the disputed islands in the South China Sea to "isolate" both India and Japan, a US lawmaker has warned according to media reports ..

Expressing concern over China's growing economic and military power, Richard D Fisher of the International Assessment and Strategy Center told lawmakers that Beijing had a new strategy for gaining eventual global military access called "debt trap diplomacy"

"China may be using debt pressure right now to force Djibouti to limit US military access in that strategic base. It recently gained ownership of a new large port in Sri Lanka Hambantota by debt default. Vanuatu, Pakistan, Thailand and others are vulnerable," Fisher said

Through a major invasion. which could be perhaps as early as the mid-2020s, China will turn Taiwan into a major nuclear and conventional military base, he said

"This will then trigger Chinese moves to isolate Japan, consolidate control over the islands in the South China Sea even more, and project power into the Indian Ocean to isolate India. In Latin America, China will continue to exploit opportunities to cause trouble and gain military access," he said

China claims almost all of South China Sea and also laid claims on the Senkaku islands under the control of Japan in East China Sea and resorted to aggressive patrols in the last two



Growing power of Chinese Navy

years. Vietnam, the Philippines, Malaysia, Brunei and Taiwan have counter claims over the waterway. The US periodically deploys its naval ships and fighter planes to assert freedom of navigation.

China is assembling a power-projection Navy that, by the 2030s, may have the world's first totally nuclear-powered carrier battle group, Fisher said.

It will have an initial amphibious projection of about 12 large ships by probably as early as the early 2030s. And the Chinese marines are reforming into a force of about 100,000.

Sagar Sandest Mumbai Office 217, Secands Road, Unique Industrial Estate, off Veer Savarkar Marg, Bombay Dyeing Compound, Prabhadevi, Mumbai - 400025 Ph: 022 - 24211583 / 24210193. Fax: 022 - 2421 2149 Chennai Office No.6, Ground Floor, Nungambakkam First Lane (Opp. Regional Office, Indian Oil Corporation), Nungambakkam High Road, Chennai - 600 034 Ph: 044-42664408 / Mob: +91 72000 84866 Admin. Office 21 "LAKSHMI", Sathya Sai Nagar, Madurai-625 003. Ph : 0452 437 8300 / +91 72000 84864 EDITOR & PUBLISHER : Dr R Lakshmipathy **EXECUTIVE EDITOR** : Dr G.R. Balakrishnan, M.A Phd. CONSULTING EDITOR : Mr M Subramanian, F.I.Mar.E., M.I.E., **ADVISORY EDITORIAL BOARD** Mr Aswin K Atre, Consultant, Shipping and Seafaring Capt. S S Jairam, Master Mariner, Director, Searland Management Services (P) Ltd. Dr B K Saxena, M.Sc., Ph.D., Past President, Institute of Marine Engineers (India). Mr G K Ramakrishnan, C.Eng., M.I.Mar.E., Sr. HSE Consultant, Kuwait Oil Company, Kuwait. Capt. Naveen Passey, Managing Director, Wallem Shipmanagement (India) Pvt Ltd.

SAGAR SANDESH - Maritime Tabloid English Weekly E-Paper Published by Dr R Lakshmipathy (Owner) on behalf of

Professional Publications (P) Ltd, "Sriram", 27, Sathyasai Nagar, Madurai - 625 003. Published at "Lakshmi", 21, Sathvasai Nagar, Madurai - 625 003, Tamilnadu. RNI No. TNENG/2012/41759, Postal Registration No. TN/MA/140/2018-2020. Licence No. TN/WPP-115/SR/2018-2020.



The implementation of Sethusamudram project will help the Indian naval ships avoid Hambantota: Captain K.P.R



Capt K P Rajagopal, Senior Vice President, IL and FS Maritime Infrastructure Company Limited.

(The final part of the Interview)

Sagar Sandesh: What is your take on Sethusamudram ship canal project where the government has abandoned work for the past ten years after spending over Rs one thousand crores. Are the alternative alignments for the project conceived by the government better or worse than the original alignment? The alignment proposed by the NDA government near the Pamban railway bridge will lead to restrictions on the ship's height passing through the canal because of the road bridge.



Underwater coral bridge (Adam's bridge or Ram Sethu)

Capt K P Rajagopal: The work on the project should be resumed as a strategic project to improve the national security of the country. With Chinese taking control of the Hambantota port at the southern tip of Sri Lanka there is a possibility of their obstructing the naval assets of our country moving from west coast to east coast. The implementation of Sethusamudram project will help the Indian naval ships avoid Hambantota. A possible blocade of Indian naval ships could

be averted if the canal is in place. Moreover the ships can save around three days time by using the Sethusamudram canal rather than circumnavigating Sri Lanka.



SS: Chennai used to be the only port for all the four southern states of the country hardly twenty years ago. Now there are three ports around Chennai vying with each other for the same cargo and the same hinterland. Bulk of the container traffic from Chennai port has shifted to Katupalli. How do you see the competition helping the trade?

Capt K P R: Chennai port has very little land under its possession and hence possibilities of expansion are limited. The same is the case with the Mumbai port as well. Connectivity to the port is crucial and therefore the port should speed up the implementation of elevated corridor project. The region has lot of potential.

Hardly forty per cent of the Indian cargo is containerized. Even then our ports handle nearly fifteen million teus per year. There is scope to increase our container capacity to thirty million teus. I foresee a huge revolution in cargo handling by our ports to take place in the next five to ten years.



Recently Hyundai had shipped 800 cars from Chennai Port to APM Terminals Pipavav in Gujarat.

Did you ever imagine the customs known for highhanded enforcement regime

only a few years ago transform themselves as a facilitator of the trade? Ports have to concentrate on speedy evacuation of cargo using latest technological tools.

Chennai port will emerge as a clean cargo port handling cars other automobiles exports, containers edible oil and food grains while the nearby Kamarajar port will handle other cargo like iron ore coal fertilizers.

SS: What kind of infrastructure and connectivity projects you would suggest for improving the productivity of east coast ports?

Capt K P R: The port administration should take all steps using modern technological tools to reduce the interface with the port labor to help reduce corruption. It should also take steps to reduce handling costs. These are the low hanging fruits which could be immediately plucked. In the long run you can think in terms of having a network of ports in the region.

For the benefit of our readers, we give below the Summary of the interview of Capt K P Rajagopal

It is time that the Centre takes steps to build a dedicated railway corridor from Chennai to Delhi and Chennai to Mumbai to provide better rail connectivity to the east coast ports which are working around fifty per cent of the capacity for the last few years.

There is a large volume of inter-Asia cargo from China and South East Asian countries which can be offloaded at Chennai, Krishnapatnam and Visakhapatnam ports and moved by rail to Central Indian manufacturing clusters and the National Capital Region.

A large volume of this cargo is moving via JNPT Mundra port which is not cost effective and time consuming. The cargo from this area, if moved through the East Coast Ports would reach the National Capital Region at least one week earlier besides tremendous saving in freight costs.

The government which is constructing four new ports taking into consideration future demands of the EXIM Trade should also invest in better Rail connectivity to East Coast Ports.

Commenting on the imbalance in the turn over between ports in the west coast and those in the East Coast which are underutilized he said next five years will be trying times for the Liner trade who wish to operate from the east coast. It will take time to build the railway infrastructure.

Turn to Page - 2 ▶▶



Cabotage rules relaxed for ...

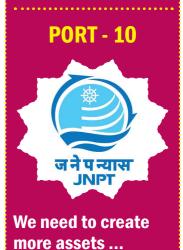


DHL SmarTrucking to trim down ...

EXIM - 9



Cabinet approves MoU between ...



K.P.Rajagopal Captain urges the completion of the Sethusamudram project since it has immense benefits to the shipping industry, and, more importantly, in the interest of the national security. He says, With Chinese taking control of the Hambantota port at the southern tip of Sri Lanka there is a possibility of their obstructing the naval assets of our country moving from west coast to east coast. The implementation

of Sethusamudram project will help the Indian naval ships avoid Hambantota. A possible blocade of Indian naval ships could be averted if the canal is in place. Moreover the ships can save around three days time by

using the Sethusamudram canal rather than circumnavigating Sri Lanka.

We wish that the authorities concerned will take keen interest in the completion of the project for the two reasons put forward by the Captain. They appear to be greatly valid and weighted with national significance; the sooner the decision is taken, the better will it be for the interest of the nation

Cabotage relaxation which has been a hot potato for some time with the shipping industry is much awaited move and it will certainly promote ooastal shipping. Possibly, it will go a long way in achieving the one of the primary objectives of the Centre: reducing the

logistics cost, taking it near to the international standard. It may take time but good things will happen.

On the logistics side, apart from some important expressway being inaugurated, it is timely that Niti Aayog and ABB India come together to make India AI ready. Already it has been reported that the Indian Railways has decided to exploit AI to check irregularities in railway catering so as to ensure safe food to the passengers who have been complaining for quite some time of unsafe food being served. Shipping Industry has already started to move along with the latest developments in IT and AI. This updating is bound to bring benefits to the nation making its administration efficient.

The govt appears to have taken a right decision to waive penalty interest on the loans given to Paradip Port and Vizag port. This move will encourage the ports with confidence in the government ; it indicates that the government is rightly apprised of the situation the shipping industry is passing through. Moreover, the major ports now have started showing positive growth; there is light at the end of the tunnel and the light becomes brighter with the government's understanding of the situation.

Wishing you an interesting and informative reading, and with warm regards.



The implementation of Sethusamudram project will help the Indian ... From Page -1

The East coast ports have distinct advantage in handling cargo from Asian countries. We are unable to take advantage of what the geography has provides us he said referring to large volume of cargo from Asia being handled at JNPT or Mundra ports.

The pattern of trade will also change Post Goods and Service tax where the industry will have to resort to stock and sell. Tremendous movement of cargo will be generated between various parts of the country as industries which do not have stocks will go out of business. This means railways will be flush with business and not insist on return cargo as they do now.

Till railway infra and connectivity is built, the East Coast Ports near term will have to depend on roads for linkage to the hinterland.

The recent move by ports like Krishnapatnam and proposal by Chennai port to enter transhipment is a step in the right direction. The ports need to work on it since there is potential to expand the business beyond the east coast ports to include cargo from Bangladesh and Myanmar. Both the countries look to Colombo and Singapore Ports for their transhipment requirement. East coast ports are close to Bangladesh and Myanmar compared to Colombo or Singapore.

On the future of transhipment terminals, Cap. Rajagopal said Vallarpadam container terminal at Cochin port has come to stay notwithstanding widespread criticism about the utility of the port. Near term there may not be substantial growth in traffic from the terminal

While the Vizhinjam terminal in Kerala where 75 per cent of the work is completed will take off soon, the terminal planned at Colachel at the southern tip of the country will take at least five vears for the work to commence considering the intensity of the fishermen agitation.

A complicated situation has arisen in the Sethusamudram ship canal project and inordinate delays have added to the cost. Ten years after stoppage of work, the alternative alignment is yet to be identified while the government had spent a sum of rs one thousand crores on the project so far.

The project needs to be looked at from the National Security Angle following the Chinese take-over of Hambantota port situated in the southern tip of Sri Lanka. Given the uneasy relations with China, possibilities are open when their navy could block Indian naval ships moving from West to East Coast. If our ships pass through Sethusamudram route along the east coast, they can avoid Hambantota port.

The thermal power sector has been neglected by successive governments for the past ten years. In India, it takes anywhere between 10 to 15 years till a thermal plant is commissioned after overcoming land acquisition and environmental issues. This is abysmally pathetic but that is our record on date. Nearly fifty thousand MW power remain unutilized due to low demand from states during the last two years increasing the Non performing assets in the power sector. Now it appears that we have turned a corner, and the demand seems to be on the rise Hopefully the unutilized capacity will be consumed.

The state owned Power Grid Corporation is on the job of synchronization of all regional grids which will help to optimal utilization of scarce natural resources by transfer of power from Resource centric regions to Load Centric regions. This will pave the way for establishment of vibrant electricity market facilitating trading of power across regions.

Paying tributes to the Poompuhar Shipping Corporation's pioneering role in coastal shipping in the country, he said the Tamil Nadu state owned Corporation has been in the forefront of this mode of transport for over four decades. It would so lot of good if the Corporation which carries thermal coal from bengal to thermal plants in TN recruit professionals and bring in the best industry practices in its working and be truly independent of political interference.

Unless the Corporation is given full independence, it may not be a good idea for it to go in for new ships. The second hand ship market has also bottomed out last year and has turned around. It may be good idea to get other Indian ship owners to invest in the Corporation and take their vessels on long term charters with built in safeguards against losses

Listing out reasons for the failure of coastal shipping to take off in India he said though capital spent in road and rail for freight movement of domestic cargo is very high, yet that cost is not apportioned to the cost of carriage of freight. The capital cost is borne by the state.

Whereas when domestic cargo is carried on the coast, there is a minimum of two Port interfaces and at both these ends the cost is levied to include a part of the capital spent in creating the infrastructure.. The domestic cargo operators should be permitted to use their own labor instead of bracketing with Stevedoring cost of EXIM cargo so that handling cost can be brought down.

The major ports should create a domestic corridor within the port thereby assuring the Customs that there would be no malpractice. Domestic cargo should move smoothly without any interference from the Customs, with minimum documentation which could be filled on line. Same applies to immigration, Domestic flight passengers within the country need not have to seek immigration clearance at each airport and the same should apply for coastal shipping.

India should strive to bring BIMSTEC member states Bangladesh, Myanmar Sri Lanka, Thailand, Bhutan and Nepal under Coastal Shipping to increase the volume of cargo in both directions to reduce costs.

Since India has no Coastal ships in any numbers to talk about, the government may offer innovative incentives either to the domestic cargo interests or Coastal Ship Operators to invest and move cargo by water.

For Advertisement Please Contact : admin@porttoport.in 0452 - 4378300 / +9172000 84864