



Guiding Spirit to Shipping Industry

Sagar Sandesh

Maritime Tabloid English Weekly E-Paper

In association with R L Institute of Nautical Sciences, Madurai, Tamil Nadu. | RNI No. TNENG/2012/41759 | Wednesday, June 06, 2018 | Voyage 7 Wave 18

**SHIPPING - 4**

India eyes on a strategic port in Indonesia

**LOGISTICS - 8**

Kerala cuts petrol, diesel prices by Re 1 per litre

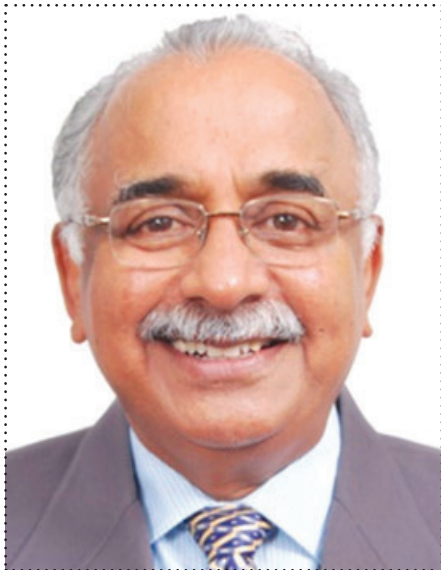
**EXIM - 9**

India, Indonesia agree to nearly ...

**PORT - 10**

India must invest in connectivity, not in more ...

Indian shipyard built ships became competitive following the reintroduction of the subsidy in 2016: B. Kannan



Vice Admiral B Kannan, PVSM, AVSM, VSM (Retd). Managing Director and CEO; L&T Shipbuilding Ltd

Brief Profile

Vice Admiral B. Kannan (Retd.) holds a Bachelor's Degree in Electronics & Communications Engineering from Govt. College of Engineering, Trivandrum, M.Tech from IIT Powai and a Post-graduation in Management from Jamnalal Bajaj Institute.

He has over 40 years of varied experience, out of which, for a period of 20 years, he was associated with different disciplines of Indigenous development of Naval Equipment, Integration of Equipment for War Ships and Submarine Construction. His areas of expertise also encompass Technical Infrastructure creation, Project Management, Quality Assurance and General Administration. For nearly 4 years, he served as Programme Director of a Strategic Program of Indian Navy, during which INS Arihant was launched. He retired as the Chief of Materiel - Indian Navy. He has been conferred with 3 Presidential awards viz. VSM in 1986, AVSM in 2009 and PVSM in 2013.

He is the Managing Director & Chief Executive Officer – L&T Shipbuilding Limited with effect from

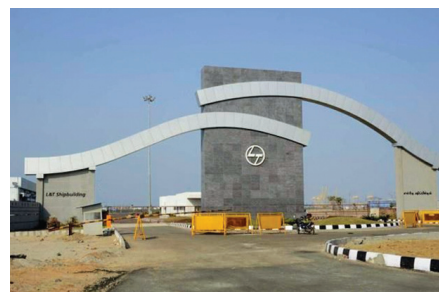
19th October 2015. He is a Member of the Executive Management Committee of Larsen & Toubro and Member of Board of Shipbuilding IC of L&T.

Vice Admiral B Kannan (ret'd) Managing Director and CEO of L and T Ship Building, one of the successful private sector ship yards in the country gives an over view of the ship building industry and in particular the problems faced by the private ship yards in securing orders from the government and the difficulties in execution of contracts..

He also reveals how the L T ship yard at Katupalli near Chennai has overcome these difficulties and how it has cut both time and cost over runs a perennial problem in the Indian defense industry and successfully bagged overseas contracts.

In the Interview with Sagar Sandesh, without waiting for questions, he began pouring out vital information covering the shipping industry comprehensively and his highly informative talk delivered with vigour and warmth is given below under subheadings which in a way can be considered as Questions though not in interrogative forms.

1) The state of the shipping industry



L & T shipyard

Ship building industry faced downward trend following the steep fall in crude prices in the international market a few years ago. As the Oil and Gas industry was feeling the pinch of prices going down, they were not interested

in buying new ships. In fact the industry reversed the orders they had placed with the ship yards. Consequently the inventory of built and unsold ships became a huge problem for the shipyards.

The trend affected the Indian shipyard industry as well. The public sector ship yards in the country are not engaged in building commercial ships and were largely catering to orders from the defense ministry.

The recession in the industry led to re-activation of the subsidy in 2016 for the ships built by the domestic shipyards. The subsidy which was introduced in 2004 by the Vajpayee government had lapsed in 2014. Indian shipyard built ships became competitive following the reintroduction of the subsidy.

By this time Oil and Gas industry's turnaround came to a point when demand cannot be reactivated. A large number of ships built and unsold were still lying in ship yards. Instead of going in for competitive new ships available in the market, the owners preferred to go in for earlier built ships at cheaper rates.

This benefitted both the Operators of ships as well as the shipyards. Ship yards were able to liquidate ships and of course both of them incurring some level of losses. Hence the industry was definitely under stress.

2) Problems ailing the Indian ship yards

From the Indian commercial ship industry's perspective two issues

continue to affect the domestic ship yards notwithstanding the gains secured by the subsidy offered by the government.



Ship building equipments are imported, not manufactured in India; and imports cut profit

Most of the equipment required for commercial ship building be it electronic, navigation or communication equipment are not manufactured in the country. All these are even today continued to be imported. With the result significant percentage of the ship's cost are dependent on imports. This reduces your profit margin because your costs are dependent on foreign exchange variations.

This has happened because we have not given sufficient emphasis on indigenous development on equipment and machinery for building commercial ships and the electronic systems required for them. The equipment need to meet the requirement of Registration Society and the International Protocols for commercial ship building.

They should also meet the environmental requirements which are constantly changing and being upgraded.

(To be continued...)

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In association with R L Institute of Nautical Sciences, Madurai, Tamil Nadu. | RNI No. TNENG/2012/41759 | Wednesday, June 13, 2018 | Voyage 7 Wave 19

**SHIPPING - 4**

US-China trade war and the shipping industry

**LOGISTICS - 7**

We should have an addiction-free India that includes ...

**EXIM - 9**

FIEO: China has proved to be one of the major ...

**PORT - 10**

Taking cargo out of airport faster than from ...

Indian labor may be cheap but skills are not adequate: B. Kannan

Interview Contd...



Vice Admiral B Kannan, PVSM, AVSM, VSM (Retd). Managing Director and CEO; L&T Shipbuilding Ltd

shipping industry and even now I don't see that happening. The first disadvantage the Indian ship yards face is dependence on imports for equipment

The second problem the ship yards face is the need to mobilize skilled manpower and the recruitment system is not institutionalized. We don't have a method by which skill development required for ship building, training procedure and some certification are available to ship yards. The ship yards make their own training Program. The ship yards also try to get people with experience from abroad. It goes on this way.

The two important resources in ship building, seventy per cent of the cost of the ship is accounted for by equipment and machines and 10 to 12 per cent is

the factors listed out are addressed and improved upon.

Overall commercial ship building in the country has the potential to meet the domestic requirements of the industry as well as the needs of non ship building nations in the neighborhood. India has however recently bagged an order for construction of specially designed off shore patrol boats for the Vietnamese border guards.

4) L and T shipyard forays into Commercial Ship Building before becoming a defense ship yard

As for Larsen and Toubro Ship Yard at Kattupalli near Chennai, the company nearly took three years to complete the infrastructure required for the ship yard. It is a joint venture company with the Tamil Nadu government. When we were ready to operate the ship yard, we decided to cater to the requirements of Navy and the Coastguard. When no defense orders were forthcoming till 2010-11, we decided not to allow the infrastructure we had built, to remain idle.

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The first indigenously built Floating Dock (FDN-2) for the Indian Navy was launched on 20 June 2017 by Anjali Deshpande, wife of Vice Admiral DM Deshpande, Controller of Warship Production & Acquisition, at a ceremony at Larsen & Toubro Ltd (L&T) Shipyard at Kattupalli near Chennai

3) No problems in War ship building for the Indian industry

It is important to note that in the case of building warships requirement, there has been some advancement in Indian ship yards primarily because the Indian navy is taking lot of interest in equipment required for these ships. They have been able to achieve standards. But that sort of development has not taken place in the commercial sector even though they are technologically less challenging. This is an opportunity missed for the Indian

man power. *Indian labor may be cheap but skills are not adequate.* So you have a problem here. Both the issues need to be addressed if our ship yards have to be competitive.

In the skill development program launched by the government recently they have included ship building as one of the 30 odd disciplines which should enable some movement in this front in the next two to three years. As for equipment manufacturing, I don't see much happening at this point of time. It will continue to struggle till such time

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Editor speaks...

The Vice Admiral (Retd) B. Kannan hits the nail on its head: Indian labor may be cheap but skills are not adequate. This is the chorus almost all industrialists and genuine educationists keep coming back to it. A kind of a bad penny that keeps turning up. Of course, the present government has given enough thought to it and it has initiated many skill development programme focusing particularly on the youth of the country. If we do not wake up and address the issue of inadequate skills, possibly, the price the country may have to pay may be very huge apart from unwelcome dependence on the skills of the experts from international countries.

Another very serious matter he talks about is the mismatch between orders executed before schedule and financial crunch to receive the completed orders, that is, the vessels. Possibly, such mishap would not have happened if there had been consistent communication among the stakeholders at all levels of administrative hierarchy.

Although the Vice admiral talks of inadequate skills, it is really very encouraging that they could complete the orders much in advance, reflecting efficiency which is nothing but effective exploitation of the skills available.

What US President Donald Trump says about fair trade appears to be logical and it is bound to appeal to the Americans. Reciprocal tax seems to be basis of Trump's fair trade. This attitude, almost the decision of the US President did not appeal to the members of G7 summit. We have to wait and see how it turns out.

Addiction free India certainly is highly desirable India. Advice is least heeded when most needed. Unless the people, particularly the young men and women, understand the value of tobacco-free living, the ambition will remain an ambition for many more years to come.

Fuel price hike is now a national obsession. Ultimately, the common man suffers. Reasons may be there that end in continuous hiking of the fuel price but difficulty and reason normally do not go together. International crude price is said to be volatile and increasing day by day; and it reflects in the fuel price of the country. All the same, it is said by expert economists that bringing petrol and diesel under GST would mitigate the suffering of the common man. We have to wait and see when this good thing will happen. And the sooner, the better.

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

Indian labor may be cheap but skills are not adequate: B. Kannan

From Page - 1



L&T's Kattupalli facility is in Tamil Nadu on India's east coast, near Chennai. The facility holds a mega shipyard for shipbuilding as well as retrofitting and conversions.

We decided that we might as well engage ourselves in commercial ship building. Initially for the first four or five years, we did some commercial ship-building. We faced some challenges in the initial years. Unfortunately these challenges of initial years when we were cutting teeth also coincided with the downward trend in the Shipping industry when oil prices fell leading to fall in demand for ships.

When we were finding it difficult to cope with the challenges of commercial ship building, the defense orders started trickling from 2015. So the management took the decision to build them from 2015 onwards. Later we took a policy decision that we will do only defense ship building. For the last three years we have emerged as a full-fledged defense ship building company, the defense ship building for the Indian Navy and the Coastguards.

Defense ship building is a structured program. It

has got a very good formulated procedure. But it is badly running on time because ship yards engaged in defense ship building have run into difficulties in executing their work and completing the project on time. It is true to say that any project which does work according to time will run the risk of cost over-run,

5) Challenges of defense ship building

You have in Indian warship building the twin challenges of time and cost over runs and this happens in every Indian shipyard which has defense ship building programs primarily in public sector undertakings and in one or two private ship yards.

In Larsen and Toubro ship building, we were not affected by time delays.

However in a majority, nearly 95 per cent of the war ship building programs are running behind schedule by a huge scale. I do not know why it should happen at all. The net result is that in majority of the ship building programs of the government are going behind schedule. They are not adequately planned and executed or for some technical reason or other. Every case has its own complications. The net result, therefore, is there are cost over runs.

6) Orders executed on time but no takers

We got Orders from the defense ministry for new ship building for 54 high speed interceptor crafts for the Indian Coastguards. We completed the project two years before schedule. We completed the entire orders but faced another problem. We built it too early for the customer to take possession of the crafts. The recipient, coastguards are faced with resource crunch.

(To be continued...)

US President: We're like the piggy bank that everybody is robbing

NEW DELHI
Sagar Sandesh News Service

Coming down heavily on countries over import tariffs during the G7 summit in Canada, the US President threatened to stop trading with those countries that have imposed import tariff and been unfair to US and he said at a press conference before leaving the two-day summit in Quebec: "We're like the piggy bank that everybody is robbing,"

"This isn't just G7. I mean, we have India, where some of the tariffs are 100 per cent. A hundred per cent. And we charge nothing. We can't do that," Trump, who left the G7 summit on a sour note, said. He further threatened to stop doing trade with countries "who are being unfair" to the US.

"We're like the piggy bank that everybody is robbing," the US President said at a press conference before exiting from the two-day summit in Quebec.

"Can't do that. We are talking to many countries, we are talking

to all countries. And it's going to stop. Or we'll stop trading with them. And that's a very profitable answer..." he added.

Earlier this year, Trump had criticised India over import duty on the iconic Harley-Davidson motorcycles and had threatened to increase the import tariff on "thousands and thousands" of Indian motorcycles to the US.

Trump had said that the decision of the Indian government to reduce the tariff from 75 per cent to 50 per cent was not enough and asked that it should be reciprocal, as the US imposes "zero tax" on the import of motorcycles.

The US president had also referred to a conversation he had with Prime Minister Narendra Modi in this regard and called him a "beautiful man".

"And a great gentleman called me from India and he said, we have just reduced the tariff on motorcycles, reduced it down to 50 per cent from 75, and even 100 per cent," he said.

Trump also pitched for a "reciprocal tax" on countries that he said "abuse" their trade relationships with the US.

"So I say we should have reciprocal taxes for a case like that. I'm not blaming India. I think it's great that they can get away with it. I don't know why people allowed them to get away with it. But there's an example that's very unfair. And I think we should have a reciprocal tax," the US President said.

Mr Trump has floated the idea of a reciprocal tax in the past, promising to slap it on countries, including allies, that take advantage of the United States and its huge market.

"That's called fair trade. It's called free trade. Because ultimately, what's going to happen -- either we'll collect the same that they're collecting, or, probably, what happens is they'll end up not charging a tax and we won't have a tax. And that becomes free trade," Mr Trump said.



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**SHIPPING - 4**

IMO approves updated structure for facilitation ...

**LOGISTICS - 7**

Choked Chennai airport hopes to park planes ...

**EXIM - 9**

GST 1-year report card: What has been ...

**PORT - 10**

Rinkesh Roy assumes additional charge as ...

L & T shipyard designed it (Floating Dry Dock) themselves and built it. We delivered it to the Navy on schedule: B.Kannan



Vice Admiral B Kannan, PVSM, AVSM, VSM (Retd). Managing Director and CEO; L&T Shipbuilding Ltd

Interview Contd...

7) Mismatches galore

On the one hand you tell the industry to Make in India. The industry completes the project on time with speed sometimes ahead of time. Then there is MISMATCH between the capability of the industry versus resources required for operating the assets.



High speed interceptor ship of the India Coast Guard

Things have improved over a period of time and forty more crafts have been handed over to the coastguards. Fourteen more crafts are ready with the ship yards and the coastguard can take possession of them any time. Possession of all the crafts will be good for the coastal security of the country. The coastguards have another problem. They do not have adequate manpower to take charge of the crafts. Here also there is a MISMATCH.

Coastguards have manpower induction program which is going on at some pace. The ship building program has gone faster than that. So there is a mismatch at the higher level of resources in the ship building industry.

8) L and T Ship Yard swings a deal for a floating dry dock, first time an Indian shipyard gets such an order



First Floating Dry Dock built in India by L&T

The L and T ship building secured an order from the Indian navy for construction of Floating Dry Dock. It is an important infrastructure for the Indian navy. The facility was never built in India before. The L and T ship shipyard designed it themselves and built it. We delivered it to the Navy on schedule. It had to go through series of trials both at Kattupalli ship yard and at Port Blair. Today this infrastructure is available in Andaman Nicobar islands.

L and T ship yard completed the project and Navy took it on time. But the most important thing is that it was designed and built in India. We never had an opportunity to build a floating dock. Today it is an operational Asset. We faced some challenges during design and the methodology by which we de-risk the design. We found out some innovative ways to de risk the design.

Every time you design a machine you de risk it to find out whether it meets the objectives for which it was meant for, like the speed and efficiency. We finished most of the de-risking at Kattupalli Ship yard and then took it to Port Blair. From keel laying to the delivery to the customer the L and T ship yard took 24 and half months to complete.

Floating docks are both economical and flexible. It can be mobilized at different places where there is requirement. Its upkeep and maintenance is also relatively comparable to land based assets. Today we have demonstrated our capability to design and build a floating dock on our own. I think it will attract attention from many neighboring states. Some queries have been received on how we made this happen.

9) Another order secured for Seven Offshore Patrol vessels

The third order the L T ship yard received is for supply of seven offshore patrol vessels. We delivered the first vessel on the opening day of the Chennai Defense Expo which opened at Chennai on April eleven. This is the first time that an Indian private sector ship yard had designed and built an Off-shore patrol boat. This is the perfect example of Make in India program of a product being designed, developed and constructed in India.

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Editor speaks...

It is a matter of legitimate pride that L & T shipyard got an order for Floating Dry Dock. As the retired Vice Admiral B.Kannan says, it was the first time an Indian private sector ship yard had designed and

built an Off-shore patrol boat. This is the perfect example of Make in India program of a product being designed, developed and constructed in India.

To give a strong boost to the national economy, Make in India is strategically conceived with a long term planning by the Modi-led government; in fact, it is the brain-child of the Prime Minister (He seems to have many children like this one) It is really great that L&T understood the spirit behind the programme Make in India and did it best to translate it in action. Orations are almost have become second nature to many politicians though it cannot be said of real statesmen. It is a veritable source of patriotic delight that L&T has taken the strides in right direction. Sensitive response based on alertness to market dynamics that dictates the needs of the hour coupled with efficiency mark a business that will definitely sustain with success.

Laying down rules and regulations and even innovative initiatives form a very important part of any administration; but it should not stop there. There

must be periodic review of performance to assess progress in work; if this practice of review is not taken regularly and also seriously, most of the projects will lie on paper only thereby denying the benefits of the projects to the people. We begin to see now in dailies that the government is keen that the projects must be transformed into realities and the only way to achieve this end is review of performance assessment. Railways Minister has been rightly engaged in this exercise. If only meaningful follow-up is taken consistently, the people will benefit by this meaningful strategic exercise.

A ship in a different colour is a sight to see and enjoy. But its CEO has brought out one essential business initiative that will provide sustainability to the enterprise: doing things differently and exploring newness in the market. Where competition is the order of the day, innovation is life-breath for a company to survive. Without innovation in any business-related area, the company will find itself out-run by active competitors.

The trade war between two biggest economies that matter to the world trade has begun and we have to wait and see its consequences. Business experts however do not seem to approve of it, largely.

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

L & T shipyard designed it ...

From Page -1



The offshore patrol vessel manufactured in the L and T ship building is the first in the series of seven vessels where the design gets fully tested in the sea. In the first of class vessels such as offshore patrol boats, the trials are always challenging. The challenges are managed by on how well you design the vessel and how well you de-risk the design.

Another feather in the cap of the ship yard is that this is the first time a ship like offshore patrol vessel was delivered within the contractual build time. In India's fifty five year old history of warship building, this has not happened before. Every time the building of first of class vessels got delayed for

some reason or other. But we have been fortunate in achieving the stupendous task of completing the construction before schedule. Of course it also came about because of our determination to complete the work on time.

We took less than 36 months to complete the first offshore patrol vessel. The Manufacturing process was affected by 2015 floods and the cyclone the very next year. The defense ministry gave us 25 days extra time to complete the work. But we availed the facility partially.

The company has been given three years time by the defense ministry to complete the order for six more offshore patrol vessels but we hope to complete it within two years. This is much lesser period taken by other Indian ship yards to complete this type of work. We have already set the bench mark but will strive to improve upon it when we complete the delivery.

Vice Admiral Kannan attributed the achievement to the company's engineering capability, work ethos, detailed planning and a high amount of digitalization which we have done in the industrial process.

(To be continued...)

Railways Minister Shri Piyush Goyal reviews performance of three Zones

NEW DELHI
Sagar Sandesh News Service

Shri Piyush Goyal, Minister of Railways & Coal reviewed the performance of three Zonal Railways viz North Central Railways, North Eastern Railways & East Central Railways with the General Managers of each zone along with officials of Zonal Railway in Rail Bhavan on 16th June 2018, according to an official release.

He reiterated that punctuality of the trains needs to be improved without affecting the routine maintenance work related to Safety of passengers.

He urged General Managers to holistically plan weekly integrated traffic blocks of long duration. During these blocks all maintenance works related to engineering, signal, electrification, bridge, track renewal should take place simultaneously. These planned integrated blocks may be advertised well in advance so that the passengers are well informed about the blocks and any inconvenience to them may be minimized.

Taking slew of decisions to improve punctuality, Shri Piyush Goyal, Minister of Railways & Coal has instructed that the third line project between Allahabad-Mughalsarai is to be taken on high priority to minimize congestion in Delhi- Mughalsarai route.



Shri Piyush Goyal, Minister of Railways & Coal stresses punctuality of trains

Shri Goyal emphasized that required additional rakes/coaches shall be given to Zones to improve punctuality & minimize time loss in case of delayed trains arriving at terminating stations. All Production Units of Indian Railways to work in full potential to meet the demand of coaches by Zonal Railways.

Construction of Limited Height Subways to be strictly monitored and timely executed.

Shri Piyush Goyal, Minister of Railways & Coal directed that all Zonal Railways should do root cause analysis based upon passenger feedback to identify the real cause of passenger inconvenience & take the corrective steps.

For real time monitoring,

Global Positioning System (GPS) technology should be used in the locomotives.

All stations across Indian Railways should have separate toilets for men & women with proper lighting, water facility, facility for divyaang & proper cleanliness.

He stressed on the need to provide Point of Sale (PoS) machines in all Mail/ Express trains so that the bill can be given to every customer.

He urged that every coach conductor shall be given a hand held terminal for the optimum occupancy of vacant berth during the journey. He stressed on installation of CCTVs in kitchens of IRCTC so it may be remotely monitored by the concerned officials.



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SHIPPING - 4

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LOGISTICS - 7

Saudi ARAMCO
and ADNOC
sign MoU to
jointly build ...



EXIM - 9

Prime minister
lays the
foundation
stone for ...



PORT - 10

Mumbai Port's
vehicle exports
grow 11%
during FY18

So for the private sector where capability and talents are available but financial requirements are challenging: B.Kannan



Vice Admiral B Kannan, PVSM, AVSM, VSM (Retd). Managing Director and CEO; L&T Shipbuilding Ltd

Interview Contd...

10) Make In India a success in L and T Ship Yard



The Lion has roared as for L & T shipyard is concerned

Ultimately our ship yard has the capability to design and construct ships to meet the defense requirement which is what Make in India is required for and that is being met.

The next aspect is that we have been delivering ships ahead of schedule which means there is no time over runs and therefore there is no cost over runs. It expands and projects the country's potential to build similar assets for other countries. There is therefore an export market for our products which need to be tapped. We should be able to get some orders from neighboring countries for their navies and coastguards to design and build ships for them.

We have already got a contract from Vietnam Border Guards to build twelve ships at a cost of Rs 660 crores. It is a high speed vessel bigger than interceptor crafts. The Vietnamese border guards wanted them to be designed with some speed profiles and a certain number of other specifications. They will be completely met and we will hand them over in two to three months. Now all these places us that we have the potential and demonstrated capability to serve the Indian navy and the coastguard. Very soon we will demonstrate it to a foreign vendor or a neighboring country.

11) Private ship yards starved of orders; bulk of defense orders go to PSUs

But when it comes to placing orders, the private sector ship yards are not getting their due. If you add up the defense ministry's orders in the last 10 or 12 years, hardly five per cent of the Orders went to the private sector and the balance to public sector undertakings. We have taken up the issue with the Government of India about the need to increase the percentage of orders to the private sector ship yards.

There are genuine issues that need to be sorted out before private sector ship yards get their due. The government says it is examining the issue. Obviously there are some infirmities when decisions are taken to place orders. Private sector shipyards invest thousands of crores of rupees in building the ship yard. Obviously they need to get some returns on the investment and are answerable to the share holders once a year. In the case of Public sector undertakings the government's grants take care of the construction.

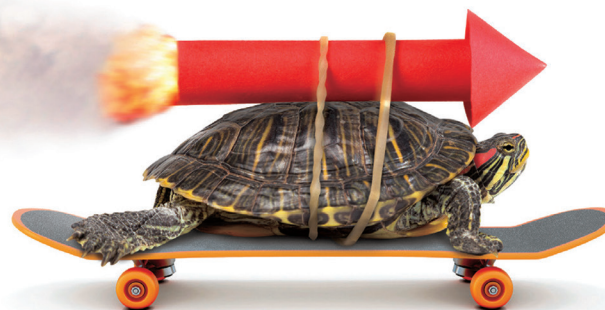
The private sector need to be given more defense orders so that the capability of the industry is put to full use in the most economical manner for the security of the country. It can happen only if there are opportunities by which private ship yards which have demonstrated capability are given opportunities, in their specialized area of activity. The orders should not be given to public sector undertakings on a nomination basis.

There may be some genuine reasons for orders to be given to the public sector undertakings but it should not be at the cost of private sector ship yards which are performing better and are more economical to the government both in terms of time and cost. There must be a system by which performance demonstrated should be given due weight in decision making. So there is need for bringing regulatory changes when defense orders are decided upon by the government.

Before placing orders the issues whether they should be given to public or private sector shipyards need be understood and then only the problems can be overcome. When a government undertaking gets an order the necessary infrastructure for executing the order is funded by the exchequer. Government infuses capital into the undertaking. In private sector we have to put money from our pocket.

Turn to Page - 2 ►►

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Editor speaks...

Vice Admiral (Retd) Kannan lays stress that private sector ship yards must be given good number of orders though usually bulk of orders go to PSUs. He however points out the difference between the private and the public sector ship yards and the difference is very crucial: "When a government undertaking gets an order the necessary infrastructure for executing the order is funded by the exchequer. Government infuses capital into the undertaking. In private sector we have to put money from our pocket."

Of course L & T has got defence order and as the Retired Vice Admiral rightly observes, "we look at every order from the defense industry as an opportunity to re-demonstrate our capability."

The Coast Guard has done a matchless service to an injured fisherman by immediately giving right support so that he can be taken to the hospital for further treatment. Saving a life is as much valuable as protecting the long coast line. Braving the challenge in times of crisis has been ingrained in the coast guards who never hesitate to risk their lives to save the life of the other.

It is really sad news that the founding president of CMA CGM Jacques R.Saadé passed away on the 24th

of June 2018, at the age of 81. His life illustrates the message that hard work and success are more often than not

inseparable twins. With a very humble beginning, he made it possible that his institution rose to great heights and his son too who has stepped into his father's shoes will follow and further record progress.

Again, the Paris MOU list of white, grey and black tells us we have a long way to go to reach the White list, though of course we have not slid down from Grey to Black, somewhat consoling.

Against the inclusion of South Asian ship breaking yards in the EU approved list, the NGO Shipbreaking Platform has consistently raised its voice on the ground that they expose the workforce to unsafe practices.

Another big cause of global anxiety is the trade war that is on among the developed and the developing countries. At the end of the trade war, as analysts have observed, the customers of all these countries will be affected. High tariff or low tariff on imports, the final burden falls on the shoulders of the end-users who have to wait to have their say. Good things come to those who wait.

e-NAM must prove a real boon to the farmers. And a very new initiative is the laboratory that will inform the farmers about the quality of their products. Chabahar port is India's ambitious project and the sooner it becomes operational the better will it be for the trade.

with warm regards.

So for the private sector this ... From Page -1

So for the private sector this is a business line where capability and talents are available but financial requirements are challenging. But there has to be a method by which the issues are addressed. I also understand that there cannot be a clear cut formula by which the government can address the issue.

Though Larsen and Toubro ship yard is the only private sector ship yard in the country into defense ship building, we

want the issue to be addressed in an institutionalized manner considering that we meet the defense requirements of the country. We also have the capacity to extend similar assistance to neighboring countries which has got its own returns for the country in strategic terms.

Many countries have shown interest in our products and seen them at the recently concluded Defense Expo at Chennai. They also want to know how our

products are performing in the Indian navy and coastguards before deciding on placing orders. He was confident that the government would give a favorable consideration to the multi-faceted requirement of private ship yards engaged in defense production. Meanwhile in L and T Ship Yard, we look at every order from the defense industry as an opportunity to re-demonstrate our capability.

(To be continued...)

PM dedicates Mohanpura Dam Project to the nation in Madhya Pradesh

NEW DELHI
Sagar Sandesh News Service

Prime Minister Narendra Modi today 23 June 2018 dedicated Mohanpura Dam Project to the nation.

He also laid foundation stone of various drinking water schemes in Rajgarh district of Madhya Pradesh.

Later, addressing a public meeting, Mr Modi said, the hard work of common man of the state has made the projects possible. He said, the people of Madhya Pradesh continue to have immense faith on the policies of the BJP Government in the state.

Mr Modi accused the opposition of spreading lies,



PM Modi dedicating Mohanpura Dam Project to the nation

confusion and pessimism. He said, in the last four years at the Centre and 13 years in Madhya Pradesh, the BJP had worked for the uplift and empowerment of poor, farmers and deprived sections of society. He said, when

the Congress ruled the state, Madhya Pradesh was called a BIMARU state.

The Prime Minister also paid tributes to Jana Sangh founder Shyama Prasad Mookerjee on his death anniversary and said it was his vision to strengthen education, health, finance, and security.

Prime Minister will attend the Shehari Vikas Mahotsav in Indore this afternoon. He will also distribute the Cleanliness Survey-2018 Awards to the cleanest cities and best performing States.

One Swachh Innovation, Swachh Best Practice and Swachh Entrepreneur will also be awarded by the Prime Minister.

Coast guard saves Indian fishermen

CHENNAI
Sagar Sandesh News Bureau

Three Indian fishermen who were caught in the high seas off the Karaikal coast were rescued by the coastguards on June 22. One of them, a Cuddalore based fisherman who had sustained head injuries during the fishing operations was removed from the sinking boat, given first aid and taken to Karaikal government hospital for further medical management.

A Coastguard press release said on June 22 an Indian coastguard vessel Rani Durgavathy, while on a routine patrol of the south Tamil Nadu coast sighted two toppled Vallams (fishing boats) about ten nautical miles East of Karaikal.

On closing in, the Cuddalore fishing boat requested the coast guard vessel for immediate rescue and evacuation assistance for the injured fisherman. The



Coast guard attends to a fisherman who had sustained head injuries

coast guard vessel lowered its boarding party including divers and medical team.

The team boarded the Vallam and investigations revealed that a fisherman suffered a head injury. The injured fishermen along with the two crew were taken to the coastguard boat in choppy waters. The wind speed at that time was 25 knots

The injured fisherman

Vimal shekar from Cuddalore was provided with emergency life saving first aid on board the coast guard vessel and the vessel headed to Karaikal Port at maximum speed. Within 45 minutes of locating the boat in the high seas the vessel reached the Karaikal port.

The fisherman was taken to the Karaikal government hospital for further medical management.



Sagar Sandesh

Guiding Spirit to Shipping Industry
Maritime Tabloid English Weekly E-Paper

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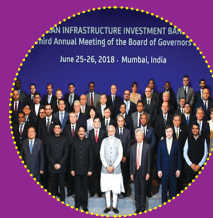
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**SHIPPING - 4**

Maersk Line moves its first end to end ...

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Allcargo conferred with the coveted AEO status ...

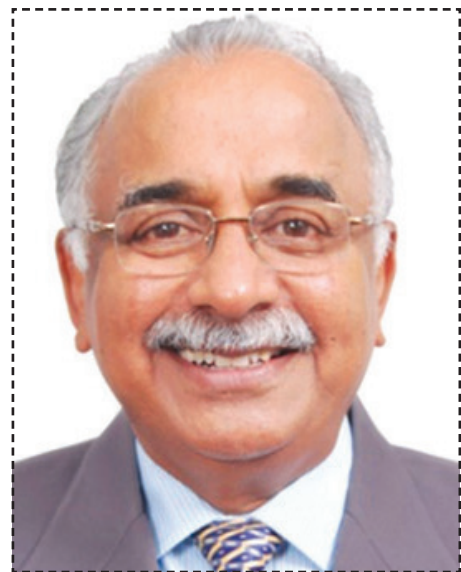
**EXIM - 9**

A 'New India' is rising: PM Modi

**PORT - 10**

V.O.C Port Trust dedicates PMBJP Medical ...

Everyone understands that the budget is not unlimited but one should try to get the best out of it: B.Kannan



Vice Admiral B Kannan, PVSM, AVSM, VSM (Retd). Managing Director and CEO; L&T Shipbuilding Ltd

Interview Contd...

12) Indian navy's requirement

Indian Navy's largest indigenous patrol vessel INS Sumitra

Indian navy has to look after 7000 kilometers of our coastline including thousands of islands on either side of the country.

Further our coastline is so close to the International shipping lane which renders them vulnerable. It could be sea piracy or unauthorized presence of foreign naval vessels operating in the area. There is no doubt that this task calls for a very strong maritime force.

The Indian Navy and the Coast Guards

have to be more equipped and should have longer legs to cover vast areas. They should be able to mobilize large forces all along the Coast. It should have good surveillance which is the beginning of the game on the Strategic front.

13) Ship building within our defense budget

Now if this has to happen obviously the capital required for ship building should get due priority. More importantly if you have allocated capital for ship building, we have to ensure that naval asset is realized in good time and within the stipulated cost. This has not been happening in the past.

So there is a need for our planners to think in the manner how can we get what we want within the available budget. Everyone understands that the budget is not unlimited and there is always a limit to the budget you can have, but one should try to get the best out of it.



A view of L&T's shipyard facility at Kattupalli port near Chennai

The government should consider implementing structured contracts for ship yards whether it is private or public sector, things should happen. But this has not been the scenario I have seen in the last fifty five years, forty years in the Navy and three years as the head of the L and T ship yard at Kattupalli.

As for L and T ship yard is concerned it meets the time frame requirement of both the navy and the coastguards. It is one of the very shipyards in the country which has both design and construction capability.

Brief look-into of the interview of Vice Admiral B Kannan (ret'd) Managing director and CEO of Larsen and Toubro Ship building

(The interview of Vice Admiral B.Kannan (ret'd) has been quite long taking us through four weeks; it is very informative and no less instructive in the sense that the expert comes out with meaningful ideas about the ship building industry. It will be good that the reader is reminded of what has gone on earlier so that he will have a whole comprehensive idea of the interview.)

The Ship building Industry faced a downward trend following the steep fall in crude prices in the International market a few years ago. As and the Oil and Gas Industry felt the pinch of prices going down, they were not interested in buying new ships. In fact the Industry reversed the orders it had placed with the ship yards during this period. Consequently the inventory of built and unsold ships became a huge problem for the ship yards.

By the time the Oil and Gas industry turn around came to a point when the demand cannot be reactivated, a large number of ships built and unsold were lying in ship yards. Instead of going in for competitive new ships available in the market, the ship owners preferred to go in for earlier built ships at cheap rates.

This benefitted the Operators of ships as well as the Ship yards. The Ship yards were able to liquidate their stocks but both of them incurred some level of losses. The Industry was definitely under stress.

On the problems affecting the private sector ship yards Vice Admiral Kannan said most of the equipment required for the industry, are not manufactured in the country. All these need to be imported. With the result a significant per cent of the ship's cost are dependent on imports. This reduces the profit margins since the costs are dependent on foreign exchange fluctuations.

We have not given sufficient emphasis on indigenous development of equipment and machinery for building commercial ships and the electronic system required

for them. The second problem the ship-yards face is the need to mobilize skilled manpower. The recruitment system is not institutionalized. We do not have a method by which skill development requirement for ship building are available to the ship yards.

In ship building seventy per cent of the cost of the ship is accounted for by equipment and 10 to 12 per cent by man power. Indian labor may be cheaper but skills are not adequate. Both these issues need to be addressed if the ship yards have to become competitive.

After initial forays into commercial ship building the L and T ship yard management at Katupalli near Chennai took a policy decision to do only defense ship building in 2015.

Defense ship building is a structured process but it is badly running on time. Indian ship building faces the twin challenges of time and cost over runs. Nearly 95 per cent of the war ship building program in the country, are running behind schedule. I do not know why it should happen at all. The delays are due to inadequate planning and execution or due to some technical reason or other. Every case has its own complications. The net result is that there are cost-over runs.

Larsen and Toubro ship yard secured orders for 54 high speed interceptor crafts for the Indian Coastguards..We completed the project two years ahead of schedule. We built it too early for the customer to take possession of the craft. The Coastguards had then faced Resource Crunch. The agency also had another problem. They did not have adequate man power to take charge of the craft once they are manufactured.

On the one hand you tell the industry to Make-in-India, the industry completes the project on time with speed some times ahead of time. Then there is mismatch between the capability of the industry and the resources required for operationalizing the assets.

Turn to Page - 2 ►►

Editor speaks...

In the concluding part of the interview of Vice Admiral (Retd) B. Kannan speaks for the private shipyards which are competent enough to build ships cost effectively as well as in time. In fact, L and T shipyard has secured an order for a floating dry dock, a very important infrastructure for the Indian Navy. It is the first time that such a facility is being built in India. And with legitimate pride he says L & T handed over the floating dry dock to the Navy on schedule. He says: There may be genuine reasons for defense orders given to public sector undertakings. But the orders should not be at the cost of private ship yards

which are performing better and are more economical to the government both in terms of time and cost. The orders should not be given to the PSUS on a nomination basis."

Hardley-Davidson has announced that it is shifting some production out of the United States with the singular purpose of avoiding tariff hike, a move that any firm or business house will normally respond to the critical situation. But the President of the United State has warned Hardly-Davidson against such a move. His claim is it should be in America 100 percent because it is what it is today because of Americans only.

He has given a stern warning that it will have to face very serious consequences if it carries out its move.

Chinese long-sighted diplomacy is explicitly manifest in the ways it managed to get control over the Hambantota port. Its diplomacy can also be seen in the way it increases its presence in the South China Sea. On the trade front, the trade war between China and the US is expected to have some long lasting impact on the growth of the global economy.

A matter of great significance is IMO's consistent endeavours to empower women so as to enable them to reach high posts in the maritime sector. Many analysts also have expressed the view that induction of competent women will go a long way in solving the problem of non-availability of competent seafarers.

As for the much discussed GST, it has proved very beneficial in saving time and cost for the road logistics sector with its e-way bills. No longer trucks need to wait idling for a long time at the toll gates now. It is certainly a great relief to the drivers as well as to the owners of the trucks.

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

Everyone understands ...

From Page -1

Floating dry dock

The L and T Ship yard secured an order for a floating dry dock, an important infrastructure for the Indian Navy. The facility was never build in India before. The ship yard designed and built it. We handed it over to the Nay on schedule. From keel laying to the delivery to the customer it took 24 and half month to complete.

Through this order we demonstrated our capability to design and build a floating dock on our own. I am sure this will attract attention from neighboring countries and may result in orders.

The ship yard also received order for seven offshore patrol vessels. The first vessel was delivered in the contractual build time. This has not happened before in India's fifty five year old history of war ship building.

Vice admiral Kannan attributed the achievement to the company's engineering

capability, work ethos, detailed planning and high amount of digitalization of the industrial process.

Ultimately our ship yard has the capability to design construct and deliver ships in time to meet the defense requirements, which is what Make in India is required for. That is being met by our ship yard. We have been delivering ships ahead of schedule and hence there is no time or cost over runs, there is export market for our products which need to be tapped.

We have recently received an order from Vietnamese border guards to build twelve ships for them at a cost of Rs 660 crores. We will demonstrate our capability to the foreign vendor as well very soon.

There may be genuine reasons for defense orders given to public sector undertakings. But the orders should not be at the cost of private ship yards which are performing better and are more economical to the

government both in terms of time and cost. The orders should not be given to the PSUS on a nomination basis.

On Indian Navy's requirement for assets he said our vast coastline is so close to the International Shipping Lane which renders them vulnerable. It could be sea piracy or unauthorized presence of foreign naval vessels operating in the Indian Ocean region.

Indian navy and coastguards need to be more equipped and should have longer legs to cover vast areas. They should be able to mobilize large forces all along the coast. It should have a good surveillance network which is the beginning of the game on the strategic front.

If this to happen, the capital requirements for ship building should get due priority. With the allocation of capital, we have to ensure that Naval Assets are realized in good time and within the stipulated cost. This has not been happening in the past.

Harley-Davidson shifting some production out of United States

NEW DELHI
Sagar Sandesh News Service

Harley-Davidson will shift some production out of the United States to address the "substantial cost" of retaliatory EU tariffs imposed June 22 in response to global U.S. tariffs on steel and aluminum that hit the EU June 1, the motorcycle company said in a public filing on Monday 25 June 2018.

"Harley-Davidson will be implementing a plan to shift production of motorcycles for EU destinations from the U.S. to its international facilities to avoid the tariff burden," the company said. "Harley-Davidson expects ramping up production in international plants will require incremental investment and could take at least nine to 18 months to be fully complete."

President Donald Trump unleashed a barrage of tweets on Monday and Tuesday criticizing Harley-Davidson's decision.

"When I had Harley-Davidson officials over to the White House, I chided them about tariffs in other countries,

like India, being too high," Trump said in another Tuesday tweet. "Companies are now coming back to America. Harley must know that they won't be able to sell back into the U.S. without paying a big tax!"

In yet another Tuesday tweet, Trump suggested Harley moving operations to another country would hurt its "aura" as well as ultimately lead the company to pay even higher tariffs.

He said, "A Harley-Davidson should never be built in another country-never! Their employees and customers are already very angry at them. If they move, watch, it will be the beginning of the end — they surrendered, they quit! The Aura will be gone and they will be taxed like never before!"

In his first speech before a joint session of Congress on Feb 28, Trump said that he was working to defend the company

from the impact of high foreign taxes. He said, "I believe strongly in free trade, but it also has to be fair trade. It's been a long time since we had fair trade."

The firm estimates the yearly aggregate impact of the EU tariffs to be approximately \$90 million to \$100 million, according to the filing.

"Increasing international production to alleviate the EU tariff burden is not the company's preference, but represents the only sustainable option to make its motorcycles accessible to customers in the EU and maintain a viable business in Europe," the filing says. "The company remains fully engaged with government officials in both the U.S. and the EU helping to find sustainable solutions to trade issues and rescind all tariffs that restrict free and fair trade."



Harley Davidson Fat Bob



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