



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, October 24, 2018 | Voyage 7 Wave 38

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China-US trade war could be the founder of a feast for ...

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Colombo East terminal will be developed by Sri Lanka ..

A stage reached when the terminal did more volumes they lost more revenue: Mr P. Jeyanth Jason Thomas



Mr P. Jeyanth Jason Thomas
President, Tuticorin Customs
Brokers Association

Sagar Sandesh: What has been the performance of the two container terminals of the VOC Port Tuticorin during the last financial year, their capacity and their utilization over the years?

Mr P. Jeyanth Jason Thomas : The two container terminals PSA- Sical and Dakshin Bharat Gateway Terminal in the VOC Port have handled 6.9 lakhs TEUs during the last financial year 2017-18 as

against the installed capacity of 13 lakh Teus. The terminals have been working at around fifty per cent of their capacity for quite some time.

Both the terminals have handled around 3.5 lakhs TEUs during the first six months of the current financial year from April to September 2018. The turn-over has been more or less the same as the last financial year

SS: Container traffic has not picked up in the port. Are the terminals facing any problems?

Mr P.JJT: PSA SICAL Container terminal in the port was commissioned in 1999. The port was handling containers prior to the setting up of the terminal by a shore to ship arrangement. When the Singapore based PSA terminal set up shop at the port, gantry cranes were pressed into service.

Starting with a volume of 1.5 lakhs teus per year, container turn over at PSA Sical Terminal shot up by four times in the first ten years of its operation.

Under the Royalty model being tried out for the first time in the Indian ports, the rates were telescopic. The terminal handling charges permitted to the terminal was very low and said

to be lowest in the country. During the third year of the Operation, the terminal raised the issue of revision of terminal handling charges with the port Administration, The issue was referred to Tariff authority. The revision was not conceded.

A stage reached when the terminal did more volumes they lost more revenue.

The terminal went to Madras High court seeking remedy in 2011. The terminal contended in the Court that while their terminal handling rates were frozen by the tariff authority, the royalty rates



PSA SICAL Container Terminal at Tuticorin Port

In fact the Tariff Authority brought down the terminal handling rates by fifty per cent around 2003 saying the rates charged was on the high side. The terminal thereafter lost interest in enhancing the output.

went up. The court ordered the freezing of the royalty rates charged by the Port administration.

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Diwali Special Edition



“SAGAR SANDESH E-PAPER”

is bringing out a colourful

“DIWALI 2018 SPECIAL EDITION”

on the occasion of
“Diwali - the festival of lights”,
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Editor speaks...

Asked why the container traffic has not picked up in the port, Mr Jeyanth Thomas explains the problems the terminal is faced. The crux of the matter was revision of terminal charges was not allowed while the royalty rates went up. No business will be willing to continue if it faces threat of revenue loss.

Competition and business always go together and in the present day, competition has become the loudest buzz word of the corporate. Being ever alert to the competition is an inevitable must for any business to survive, leave alone to thrive and flourish. Cochin port has done well in the competitive environment.

Among the pervasive effects of the US-China trade that is not expected to do any good to the global economic growth as the analysts observe, there seems to be one fact that is not affected, rather experienced growth: intra-Asia box traffic. And it has resulted in increased air freight movements which obviously save time and therefore money in logistics cost.

The phenomenal growth of CMA CGM reflects the business genius of the founder; it all began with one vessel and four employees in 1978 and now it has 34,000 employees with presence in more than 160 countries. No doubt, it is not an easy achievement. Unwavering commitment to the trade with great insight into

the business dynamics that sees to it that all the stakeholders are more than satisfied with the services offered. In business parlance, the golden guideline is customer is always right. Feeling the pulse of the customers and understanding their needs, stated and implied, and taking efforts not just to satisfy the customers but as the experts say to delight the customer --- these are the proven secrets of any successful enterprise. CMA CGM is one among them.

It is really painful to note that India has 14 out of 20 most polluted cities. Media report about Delhi air pollution and the measures the government takes to curb it. But without the support of the public, nothing worth mentioning can be achieved. It appears that people devoid of long term vision are ready to sacrifice future health for immediate satisfaction and delight.

Prime Minister Modi has dedicated National Police Memorial to the Nation and he has touched the major virtue of the police: effecting a good bond between the police and the society.

Import of crude oil keeps increasing for the last few years and it has become a grave concern for the government. It is a real challenge India is now facing with US sanctions against Iran and urging India to stop Iranian oil import completely.

with warm regards.

A stage reached when ...

From Page -1

Since there was no solution to the issues raised by the terminal and legal battle ensued, Container handling at the terminal reached a saturation point. The draft at the terminal remained around eleven meters. A modern container vessel which entered the market in 2005 cannot enter the terminal because of draft restrictions.

Meanwhile the move to start a Second container terminal at the Port was put on hold in 2008 due to World-wide recession. The tender floated for the purpose was cancelled. In hindsight it was a wrong decision when the container trade in the port was gathering momentum.

Meanwhile the trade in the port started growing around 2010. The Port was dependent on the PSA-SICAL Terminal which was not keen on increasing the output. There was cargo but no capacity in the port to handle during 2010-11.

The three gantry cranes at the PSA terminal used to make ninety moves an hour. It gradually came down to fifty moves an hour. Container trailers which used to get cleared within three hours inside the port started taking 12 hours for clearance. Because of the policy issues, a Man-Made Congestion was created at the container terminals of the Port by the Operators.

The vessel operators were advised by the terminal to plan their cargo accordingly taking into consideration reduction in output.

The Second terminal Dakshi Bharat Gateway terminal was commissioned in 2016 with a capacity to handle seven lakh TEUs a year. The terminal handled 2.5 lakhs teus last year and is expected to touch four lakh TEUs during the current financial year. The terminal has a draft of 12.5 meters. At present, the draft has been increased to 13.1 meters.

SS: When Tuticorin port faced capacity constraints, how did Cochin Port take advantage of the situation and diverted cargo to the Kerala port?

Mr P.JJT: During 2010-11 when the EXIM trade was facing difficulty in Tuticorin port, Cochin port snatched the opportunity by starting a vigorous marketing drive in a bid to divert the cargo from the Tamil Nadu to Kerala port.

As FOB costs were rising due to reduced productivity in the container terminal in Tuticorin port, the trade became dissatisfied. At this point



Vallarpadem container terminal

Cochin port came out with an aggressive marketing strategy to wean away the trade from Tuticorin port.

Cochin port's Vallarpadem container terminal offered incentives directly to Tamil Nadu Shippers to wean away the trade from Coimbatore, Pollachi, Tirupur and Erode from making shipments through Tuticorin Port. The port offered a discount of Rs three thousand for 20 foot containers and Rs five thousand for forty foot containers by way of rebate in Terminal Handling Charges.

When the concessions were implemented by the Cochin Port, captive cargo of Tuticorin port from Western Tamil Nadu started drifting to the Kerala port. The cargo lost to Cochin include Coir piths from Pollachi, garments from Tirupur, bed sheets from Karur and products of Tamil Nadu Papers and Newsprint Corporation near Karur.

Kerala government also swung into action with proactive measures for the trade by tackling the delays in the Walayar check post. The waiting period for the Tamil

Because of the Cochin port's strategy supported by the Kerala government the Tuticorin port lost around 2500 TEUs per month. This was a body blow to the Tuticorin port.

The Container Corporation also tried its best to improve the fortunes of Cochin port by starting direct services from Cochin port to Coimbatore and Bengaluru. These services were operated for 2 to 3 years. But the service was not a success and failed to make an impact on Cochin Port's container turnover.

(To be continued...)

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Biodata of P. Jeyanth Jason Thomas

P. Jeyanth Jason Thomas developed a passion for shipping at a very young age, possibly after seeing big containers moving through his hometown, Madurai. He did his MBA (International Business) from Alagappa University, Karaikudi, Tamil Nadu and started career at Tuticorin in Nov 1998. In a career spanning 20 years in the shipping sector, 19 years have been with Chakiat Group. He is currently the General Manager of its Tuticorin branch. He is responsible for the Shipping Corporation Agency business as well as Chakiat's Custom Broking business as a Form F holder along with other verticals of Chakiat Group. He has been given the opportunity to serve the trade as the President of Tuticorin Customs Brokers' Association, as Vice President of Tuticorin Ship Agents' Association, Executive Committee Member of Federation of Freight Forwarders' Association of India and Honorary Secretary of Mission to Seafarers, Tuticorin Centre.



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**SHIPPING - 4**

U.S. Seeks 'Pragmatic' Approach to 2020 Marine ...

**LOGISTICS - 7**

PM Modi Awarded Seoul Peace Prize For Growth ...

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New agri export policy to focus on setting up ...

**PORT - 10**

Dr. E. Ramesh Kumar, IAS Chairman, takes ...

Concept wise the government's decision to allow foreign going vessels to handle coastal cargo is a good concept : Mr P. Jeyanth Jason Thomas



Mr P. Jeyanth Jason Thomas
President, Tuticorin Customs
Brokers Association

(Interview Continued ...)

Sagar Sandesh: Did the port also lose some other captive cargo due to policy issues?

Mr P. Jeyanth Thomas: At the same time, Tuticorin port also lost some cargo due to policy issues of the government. The Granite export to the far eastern countries was a flourishing business for the port and it used to handle nearly 200 TEUs of granite every month.

But the ban on extraction of granite by the Tamil Nadu government resulted in Madurai based PRP Granites to stop granite exports forthwith.

VV Minerals which used to export garnet sand and illuminate sand stopped the business following the ban clamped by the state government. The firm used to export 1500 TEUs rare varieties of sand per month.



Tuticorin port

With Vedanta's Sterilite copper unit folding up its business a few months ago, the container terminals in the port lost business to tune of seven hundred TEUs a month. In sum total, the port lost

about 2500 TEIS of business due to these policy issues.

SS: At the same time the Port also lost mainline vessel business and became a feeder port to Colombo.....

Mr P.JJT: Ever since PSA-Sical container terminal was commissioned in 1999, it was attracting container cargo from Western Tamil Nadu in a big way. Volumes went up by four times within ten years of the terminal being commissioned. But no effort was taken to deepen the berths at the terminal. The mainline services found the Container terminal at Tuticorin shallow to operate their big vessels.

The first Liner to withdraw its mainline services from the Tuticorin port was the Weekly service to the United States East Coast covering New York, Norfolk and Charleston. The service was operated by a consortium of Shipping Corporation of India, Contship and CMA CGM. The decision to

skip Tuticorin port was taken in 2005. Coir pith and textiles used to be exported directly to US Ports by this service.

The port lost about 3000 TEUs per month due to the withdrawal of this service.

The next to go was the Round the World Service to Europe operating once a week from Tuticorin connecting major ports in Europe. The service demanded 12.5 meters draft while the terminal had 10.5 meters. The loss to the port was around 3000 TEUs a month.

In 2009, the port lost another direct service to China. The Operators of the service declared that it was not commercially viable to operate from Tuticorin Port. The service provided direct connectivity to Singapore, Port Klang and various Chinese ports. By end of 2009, Tuticorin Port became a full-fledged feeder port to Colombo.

The port now operates seven sailings in a week to Colombo and a weekly sailing to Jebel Ali.

It has now become a full fledged feeder port.

SS: The Shipping Ministry has announced relaxation of Cabotage laws by permitting foreign going vessels to handle coastal cargo, fertilizers and empties. Will this move help the port to revive main line services?

Mr P.JJT: The move has no direct advantage to Tuticorin port. The impact of the concessions announced by the shipping ministry is not yet felt in the port. Concept wise the government's decision to allow foreign going vessels to handle coastal cargo is a good concept. It is too early to make an assessment on how it would improve the prospects of Tuticorin port.

The advantage is that there will be more operators in the market with foreign going vessels joining in to handle coastal cargo. Foreign going vessels connecting various Indian ports including Tuticorin are possible in the long run.

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Editor speaks...

Mr. J.J. Thomas, President, Tuticorin Customs Brokers Association, sees merit in the government's concept of allowing foreign going vessels to handle coastal cargo; however, he observes that it is too early to assess its impact on the prospects of Tuticorin port. He envisages a time when foreign going vessels will connect Indian ports including Tuticorin port. With regard to Outer harbor for Tuticorin port, he says though budget provision was made much early, it was given up later. He says, "If only the port administration had planned the infrastructure way back in 2005, or even five years later, it would have been a thriving port in the country. We did not take correct decisions at the right time and therefore lost the momentum." A point to ponder over.

IMO 2020 regulations have been discussed for quite some time by all stakeholders, expressing different points of view and now the implementation of IMO 2020 is knocking on the doors. Some want more time; and some want no postponement of implementation. IMO itself has repeatedly pronounced that there won't be any change in the date of implementation. Non-availability of the compliant fuel, the mounting cost of refitting the vessels to go compliant with the new regulations, cost

of scrubbers--- all these points have been discussed threadbare and no uniform decision has been reached. Perhaps not possible taking into consideration the slow or almost the slowest recovery of the trade. And, now, speed limit is put forward for ships by the Environmental group. Of course, they are right when they say that slow steaming is not new to industry. They also point out some other advantage of bringing idle vessels into action, an attractive proposal. With IMO this time having dug its heels in, the industry will find some ways suitable for survival. It has to survive and it will.

Like IMO 2020, autonomous vessels too have grabbed much attention of the industry. Some analysts have said that it is a question of 'When' and not of 'Why'. Whenever automation pops up, another idea comes up immediately: loss of employment for seafarers due to automation. Again, it has been argued with force that there will be opportunities for employment. International Chamber of Shipping says the same point of view. "It is expected that there will be no shortage of jobs for seafarers, particularly officers, but the size of crew may change, and there may be many more jobs ashore requiring seafaring experience."

with warm regards.

Concept wise the government's ...

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SS: Transshipment business is picking up in a big way in Indian ports. Krishnapatnam port has become a leader of transshipment business and is doing 2500 TEUs a month. Chennai port has also made a start. Tuticorin port being close to the international sea lanes, can it attract transshipment cargo?

Mr P.JJT: Geographically, Krishnapatnam port is placed in a advantageous position to connect with the Far East Ports while ships from Tuticorin port have to come around Sri Lanka to reach the ASEAN market.

The Andhra Pradesh private port has also got the advantage of draft and 6000 TEU vessels, mostly used in Intra Asia Service find it convenient to operate at Krishnapatnam port. If steps have been taken at the Tuticorin port to deepen the berths and increased the length at the right time, we would not have lost the main line services. The port could have emerged as a leader in transshipment



Krishnapatnam port

operations way ahead of Krishnapatnam Port.

The main problem with the Tuticorin port is the lack of adequate draft to accommodate modern container vessels. The declared draft at the new container terminal is 13.1 meters while some berths at Colombo port have 18 meters draft. The average draft of berths in Colombo port is fifteen meters. The average size of the container vessels operating in US Europe and Africa circuit is that they could carry 10 to 14,000 TEUs. If we have to attract such vessels from Colombo, we have to offer matching draft at our port.

The length of the terminals at

the Tuticorin port also proves to be an obstacle in transshipment operations, The length of PSA SICAL Terminal is 370 meters while that of Dakshin Bharat Gateway Terminal is 345 meters. These lengths are not adequate for multiple vessel handling. You need longer berths for transshipment operations.

The present Tuticorin Port is not designed to offer such deep drafts. The only option is to expand the port by building Outer Harbor. The Outer Harbor was sanctioned in the Union budget in 2014 but was given up. The administration has now taken up Optimization of capacity in the Inner Harbor.

If only the port administration had planned the infrastructure way back in 2005, or even five years later, it would have been a thriving port in the country. We did not take correct decisions at the right time and therefore lost the momentum.

(To be continued...)

Car carrier shipping looking up, says report

NEW DELHI
Sagar Sandesh News Service

Car carrier shipping is expected to continue its recovery from the trough of 2016, supported by improving utilisation. But increasing localisation and the threat of trade wars will slow finished vehicle cargo growth, while carrier operational efficiency will be challenged by the emergence of new trades and ports of call, according to the Finished Vehicle Shipping Annual Review and Forecast 2018/19 report published by global shipping consultancy Drewry.

Seaborne trade in finished vehicles has recovered strongly from a low in 2016, recording growth of approaching 6 per cent in 2017 to 37.5 million ceu. Meanwhile, growth in the specialist car carrier fleet has stagnated, forcing idle ships back into employment, and is expected to remain so with the orderbook at an historic low. This will support rising utilisation and stronger freight rates over the next five years, but with vessels barely breaking even, this will not be sufficient to encourage further investment in the sector, it said in a release.

"Despite improving utilisation and a record low orderbook, owners and operators



Overall, car carrier efficiency has fallen by 39 per cent since 2007

are holding off acquiring capacity, whether through ordering, sales and purchase or chartered in tonnage, as trade uncertainty weighs on the market," said Mr Tom Ossieur, Head of Car Carriers at Drewry.

Just four car carriers were ordered during the first half of 2018 while chartering activity remains focused on short-term contracts, the release said.

The recent recovery in finished vehicle trade is being challenged by the threat of higher auto trade tariffs, increasing localisation of production as well as a shift in car sales growth from mature to more volatile emerging markets.

These developments mean shorter shipping distances and more frequent and lengthier port calls, often to less efficient terminals, which will lower vessel operational efficiency. Meanwhile, higher bunker costs and the impending low sulphur

fuel regulations that come into force in 2020 will add to costs. These are headwinds to the recovery in profitability of both owners and vessel operators, the release observed.

"Overall, car carrier efficiency has fallen by 39 per cent since 2007 as vessels sail at slower speeds and spend more time in ports," said Mr Ossieur. "Drewry does not foresee significant improvements forthcoming. Lower speeds, shorter routes and trade lane imbalances are here to stay."

Still, slow supply growth will provide support to the supply-demand balance, with car carrier utilisation forecast to reach 86 per cent by 2022. But market uncertainty and downside risks will continue to weigh on chartering activity, charter periods and time charter rates.

Increased focus on high and heavy as well as break-bulk and project cargo is providing some relief, with operators ordering more flexible vessel designs in recent years. But some are shunning fleet additions in favour of port and landside logistics investments that offer better returns. The emergence of new ports has boosted demand for transshipment and, as a result, vehicle port volumes increased by over 8 per cent in 2017, the release added.

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SHIPPING - 4

CMA CGM completes the acquisition of Containerships



LOGISTICS - 8

Science is Universal, Technology has to be local: PM



EXIM - 9

India Will Pay In Rupees For Iran Oil Post-US Sanctions



PORT - 10

Chairman Dr. E. Ramesh Kumar inaugurates ..

Maximum distance by Sea and short distance by rail or road gives optimum results for the EXIM Trade: Mr P. Jeyanth Jason Thomas



Mr P. Jeyanth Jason Thomas
President, Tuticorin Customs
Brokers Association

(Interview Continued...)

Sagar Sandesh: There are reports that a Taiwan vessel operator Wan Hai is planning to start mainline services from Tuticorin. Has it fructified?

Mr P. Jeyanth Thomas: We have been hearing about this proposal since June. The port administration has offered 60 per cent rebate in Vessel Related Charges in an effort to woo the Taiwanese company to operate from here. The company was

targeting Chinese cargo. With the closure of the Sterilite copper plant at Tuticorin, probably the Taiwan Line might be having second thought.

SS: What need be done in the short run to tone up the infrastructure of the Tuticorin port?

Mr P.JJT: The Inner Harbor Optimization Project should be taken up in a time bound manner. The plan includes widening of the entrance channel to 220 meters, deepening the draft at the turning circle and container berths to fourteen meters.

SS: Cargo from the Far Eastern countries and bound for cities like Hyderabad, Nagpur and National Capital Region prefer to land at JNPT and Mundra skipping the East coast ports. Steps to be taken to attract them to the East coast ports.

Mr P.JJT: The ultimate decision of the Shipper on choice of ports depends on the location of the industry. There is a strong industrial belt up to a distance of three hundred to four hundred kilometers from JNPT or Mundra which is absent in the case of East coast ports.

Moreover sea freight is cheaper than rail or road. Maximum distance by Sea

and short distance by rail or road gives optimum results for the EXIM Trade. Some of the ports in the west coast fit the bill in this regard.

Some cargo comes to Chennai Port because of the presence of the Automobile belt. Kolkata port should have taken the maximum load off JNPT and Mundra Ports but did not make it because of its inefficiency and draft restrictions and because of being a river port.

SS: Tuticorin port has the worst rail

connectivity with a single railway line linking the port from the nearest city Madurai. The track doubling working though sanctioned has not commenced. Ten years ago Railway Ministry sanctioned a Coastal Railway from Chennai to Tuticorin and that too has not taken off. Is the trade pressing the Railway Board for better rail connectivity to a major port like Tuticorin?

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Sagar Sandesh

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A Happy Diwali

2018



Editor speaks...

Mr J.J. Thomas speaks with practical experience when he says that maximum distance by sea and short distance by rail or road gives optimum results for the Exim trade. It is easy to understand what is an optimum result; simply, it means cost effectiveness which becomes all the more significant when the industry cannot be described as flourishing. Men, Machines and Money are the three essential Ms for any enterprise. Efficient men, relevant adequate machines and strong money-strength decide the success of any industry.

Accidents happen. It is a popular saying and it brings out one basic fact that it is impossible to have any industry accident-free. No growth of technology can promise accident-free environment. Analyses have shown that lot of accidents can be attributed--- are attributed--- to human error. The fact of human error has been studied and no universal answer has been found to eliminate the fact of human error. But the great matter of relief is spontaneous rescue efforts taken by Navies and other agencies. Humanity survives endless tragic incidents and it will.

It is a good piece of news that India's share in global ship building will increase to 2 per cent with the commissioning of the Cochin Shipyard's new dry dock. The Centre has been taking a slew of

steps to develop the shipping industry in general and coastal shipping in particular. It is also taking adequate steps to see to it that the share of India in supplying efficient seafarers to global shipping industry rises considerably.

US-Iran conflict has caused much concern for many countries and India too is no exception. As the cause of new stringent sanctions against Iran, US emphasises that Iran is spending large money coming out of oil export to encourage terrorist activities and US wants Iran to correct itself and to force Iran to correct itself the only way US finds it feasible is sanctions that will deprive the Iran of the solid source of revenue. Of course, US President says US is open for a comprehensive deal with Iran. The aim of the US will be the same: bring Iran to heels. And Iran appears to defy all attempts of US as the latest information reaches the media.

PM Modi while addressing the India-Italy Technology Summit, he touches the essential advantage technology can offer. He has said almost like a saying that science is universal, technology has to be local. He means the benefits of scientific developments much reach the common man.

Another great achievement of the PM Modi led- government is the leap in Ease of Doing Business in World Bank's ranking: from 146 to 80. with warm regards.

Maximum distance by Sea and... From Page -1

Mr P.JJT: Road connectivity to the port is good. We need rail connectivity to move bulk cargo and the local chamber of Commerce is taking up the issue with the government. The port's hinterland is the Coimbatore, Tirupur, Salem and Karur in Western Tamil Nadu which could be easily reached by road.

We need rail connectivity if we were to expand our hinterland to Bengaluru. Bengaluru being close to Chennai is not likely to come to us. Besides the Tuticorin port has no USP like mainline service to attract cargo from Bengaluru.

The road capacity for the current cargo movement from the port is adequate. But considering the incremental growth in trade over the years, we need a Six lane road from Tuticorin to Coimbatore, Tirupur, Karur and Salem.



We need a six lane road from Tuticorin to Coimbatore, Tirupur, Karur and Salem : JJT

We have a four lane road from Tuticorin to Dindigul which needs to be upgraded to six lane. The Highway between Dindigul to Coimbatore is currently two lane . This needs to be upgraded to four lanes immediately.

Concor had a regular weekly service from Bengaluru to Tuticorin port when the port had mainline services to United

States and Europe. The only service was stopped twelve years ago when mainline vessels started skipping the port.

SS: Will the proposed Transshipment terminal at Colachel affect the cargo flow to Tuticorin Port considering the fact the distance between the two ports is hardly eighty kilometers?



Tuticorin port and proposed Colachel share the same hinterland

Mr P.JJT: The Tuticorin port and the proposed transshipment terminal at Colachel share the same hinterland. Colachel port will attract the same cargo that is currently coming to Tuticorin port. We foresee tough competition between the two ports as and when the Colachel terminal comes into stream.

SS: How do you view the Sethu Ship canal project? Will completion of work in the long pending project be beneficial to Tuticorin port and South Tamil Nadu?

Mr P.JJT: Tuticorin port receives lot of coastal cargo from Gujarat. The cargo includes cotton and tiles. The early completion of Sethu Ship Canal project will provide good connectivity for coastal cargo from the East coast to the West Coast Ports. The completion of the Sethu Canal project will

help the trade to switch over to Coastal shipping rather than banking only on roads in this part of the country.

Coastal shipping can easily compete with the road sector, once the Sethu-Ship canal Project is commissioned, since ship journey from East to West Coast of the country will be reduced by One and half days. Coastal shipping will get a fillip if the Canal project is completed. Transshipment of cargo through East Coast Ports will also increase bringing prosperity to South Tamil Nadu

SS: The Direct Port Delivery of Imports and Direct Port Entry of Exports by bypassing the Container Freight Stations is picking up in major ports during the last one year. How will this play out in the Tuticorin port?

Mr P.JJT: Though the Direct Port Delivery system has been in vogue for the past one year, hardly one per cent of the importers in Tuticorin Port choose this method of handling.

The customs facilities for Direct Port Entry is yet to be established in the port and our understanding is hardly 15 to 20 per cent of the exporters in the region may opt for Direct Port Entry. The main imports of the port including cashew, cotton, scrap and timber need inspections and involvement of various governmental agencies. Neither Direct Port delivery nor direct port entry may take off at Tuticorin port to the extent of other Ports.

There are as many as fifteen container freight stations and one Inland container depot in and around Tuticorin port.

(To be continued...)

Nigerian Navy launches search for kidnapped 11 crew of container ship

NEW DELHI
Sagar Sandesh News Service

The Nigerian Navy said its men have begun an investigation and search and rescue operation for the 11 crew of MV Pomerania Sky, a container ship.

The men were kidnapped in the attack by pirates, operating off-Lagos. A Navy spokesman said an update would be provided soon.

Pirates boarded the container ship off the coast of Nigeria, seizing 11 crew

including eight from Poland, the vessel's management firm and Polish state media reported.

The attackers struck the MV Pomerania Sky, bound for the Nigerian port of Onne, early on Saturday and abducted 11 of the crew, Midocean (IOM) Ltd said in a statement on Sunday. The firm added that nine others remained on board and were unharmed.

"Our priority is securing the earliest release of the 11 crew who have been taken and we are working closely with our partners and the local

authorities to achieve that," Midocean said.

"The families of those crew members taken are being kept informed of the situation," said the company. It added the vessel had proceeded to safe waters.

Midocean declined to say where the kidnapped crew members were from, but Polish state media, citing Foreign Minister Jacek Czaputowicz, said eight of them were from Poland.

The nationality of the three other abducted crew members was not immediately clear.

www.porttoport.in

Sagar Sandesh

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SHIPPING - 4

US warns to stay away from Iranian shipping



LOGISTICS - 8

Centre to offer 99 lakh Coal India shares to CIL employees ..



EXIM - 9

Refund claims without any deficiency are being ...



PORT - 10

Jawaharlal Nehru Port Trust plans edible oil ...

Free time given to the coastal trade should be increased to seven days from the present two days: Mr P. Jeyanth Jason Thomas



Mr P. Jeyanth Jason Thomas
President, Tuticorin Customs
Brokers Association

(Interview Continued)

Sagar Sandesh: Tuticorin port as a major port has been in existence in South Tamil Nadu for the past forty years. The area has abundant power supply and skilled labor. Land for setting up industries is not a problem. But industries are not coming up in the region despite the entire infrastructure you need to start an industry. How do you explain the phenomena?

Mr P. Jeyanth Jason Thomas: The city lacks air connectivity. The city has a small airport and limited flights as of now. Only ATRs could land at the airport now during day time. The runway is being expanded to allow landing of bigger aircrafts and night landing facility is to be introduced. Land acquisition for Airport expansion projects are at final stages of execution.

The local chamber of commerce is pressing early execution of Madurai-Tuticorin Industrial Corridor which includes dedicated railway line. The doubling of railway tracks between Madurai and Tuticorin is likely to be completed in a few years.

SS: What has been the progress of the Coastal Industrial Zone promised by the Shipping Ministry to be set up near Tuticorin port? Has it taken off or got stuck like other industrial zones in the country?

Mr P.JJT: The developed lands

offered by the Port are not attractive to the industries as cheaper land is available in the vicinity to set up industries.

SS: What has been the contribution of Tuticorin port to Coastal Shipping?

Mr P.JJT: The port has made significant contribution to Coastal Shipping. Cargo like cotton, tiles, chemicals, wheat and pulses moved from ports in Gujarat to Tuticorin. On an average, three ships carrying coastal cargo arrive at the port every week. They carry six thousand TEUS which can be easily increased to 12,000 TEUS a month, provided the Port administration took steps to increase the free time to the trade.

Free time given to the coastal trade should be increased to seven days from the present two days. This has been the demand of the trade for the past several years.

SS: I am told the Tuticorin port has devised an innovative software to enable the exporters to get quick GST refunds. Can you elaborate.

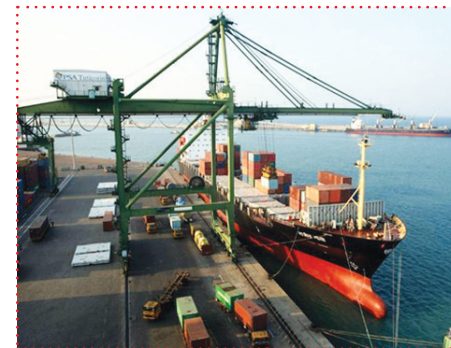
Mr P.JJT: Since GST came into force, exporters had lot of challenges in getting IGST refunds from the Customs authorities. One of the key reasons for the delay is due to Export General Manifest errors, committed by the trade. The Tuticorin Customs Brokers Association, in consultation with the stakeholders devised two unique software which helped the exporters to file error free export general manifests so that they could get the refunds from the Customs within two months. The software unique to Tuticorin Port has helped the exporters to improve their cash flow.

The practice followed at Tuticorin port at that time when GST was introduced was that the Customs brokers hand over a copy of shipping bill to shipping lines and thereafter the shipping lines type the Export General Manifest (EGM) and transmit the same to the Vessel Operator. And they file the EGM. The typographical errors during preparation of EGM data resulted in mismatch with shipping bill data in ICEGATE and thereby resulted in EGM error.

To rectify the EGM errors coordinating with the Shipping lines, the Vessel

Operators and Customs was extremely difficult at that time. With the pressure mounting on Customs brokers for quicker release of IGST refunds and the challenges faced by customs brokers in rectification of EGM errors made the Customs brokers association think about an alternative to mitigate the difficulty and facilitate the process.

The thought process was to capture the EGM data electronically at the time of filling the Shipping bill and transmit the same to the Shipping Lines Electronically.



A view of Tuticorin port

Tuticorin Customs, which had permitted up to seven day time for filling the EGM subsequently, issued another public notice which mandated filling of EGM prior to the sailing of the vessel.

Moreover, Tuticorin Customs put in a procedure wherein the EGM should have particulars all the Containers and all the Shipping Bills, and only after verification, the ships will be allowed to sail out. This seriously impacted the advantage of Tuticorin port, which allowed Direct loading of Containers till about seven hours prior to sailing of the Vessel.

Due to the sudden and drastic change in Operating Procedure, the Shipping lines preponed the Gate in cut off and it affected the traffic moving out of Tuticorin especially the garments, perishable cargo such as Onions, vegetables and Sea foods.

EGM PRO devised by a private firm in association with the Tuticorin Customs Brokers Association was a right solution at the right time.

1 As data is captured electronically,

EGM errors have drastically reduced (from Hundreds of errors per vessel to hardly five to six errors per vessel)

2 As data is captured and transmitted electronically, the EGM preparation time got drastically reduced and vessel Operators are able to comply with the rule of filling the EGM prior to sailing of vessel as well as extend cut off for direct loading even after vessel berthing and even up to five hours prior to the sailing of vessel.

Informatively, the EGM PRO was developed by a software company named Inspire in association with Tuticorin customs brokers association.

One more mechanism was also devised CODEX by the Tuticorin Chapter of National Association of Container Freight Stations.(NACFS)

Codex is a software platform based on barcode technology was developed by NACFS Tuticorin chapter and it captures the key information of Container Freight Station stuffed and Factory Stuffed export containers handled at CFS such as shipping bill number, Container number in the CFS Gate out pass.

After GST came into force and IGST refunds got delayed due to EGM errors, Customs and Port too facilitated a data capturing system at the Port gate to capture the relevant data for export containers arriving from Special Economic Zones, Inland Container Depots and by Rail too.

Codex developed a wonderful process transmitting the EGM related data to MLOs and vessel operators.

This facilitated...

1. The vessel operators to compare the EGM data received through Codex platform and EGM data prepared using EGM PRO, get the mismatch report and enable them to achieve higher accuracy of EGM data before filling it into Customs Systems.

2. The Customs authorities to compare the EGM data in Codex platform and EGM filled by vessel operators for the particular vessel, evaluate and issue Port clearance of vessel.

Turn to Page - 2 ►►

Editor speaks...

Mr J.J.Thomas spells out in details the contribution made by Tuticorin to coastal shipping. During the talk, he suggests that the free time given to the coastal trade must be increased to seven days from the present two days. In fact, the trade has been asking for it. If the Tuticorin port could find ways to increase the free time as expected by the trade, there is the possibility that its contribution to coastal shipping will gain more volume. And it will fall in line with the goal of the Government too.

India has become a member in ITU Council for another four years, coming in the list of 13 countries. It is certainly a matter of pride for any Indian to see that India is steadily gaining international recognition. One international organization hails India for jumping many places forward in ease of doing business and another country recognizes PM Modi as the perfect candidate of global peace award.

The preoccupation of the government, at least, one of the preoccupations, is promoting and developing coastal shipping. It brings in great benefits to the country, immediate benefits as well as future benefits. Reducing the congestion on the roads offers many benefits; apart from the reduction of carbon print, it is cost effective mode of transport; it helps India fulfill its commitment to Paris Change programme and it also includes trade benefits. No wonder, PM Modi inaugurates multi-modal terminal on the

River Ganga and it is also another achievement that he receives the first container cargo through inland waterway.

As a contrast to this positive kind of story, we have US warning all concerned to stay away from Iranian shipping. But of course, now it is said that US sanctions against Iran are not as severe as feared earlier. Moreover, US has manifested great diplomacy in according waivers to some countries which can continue to purchase Iranian crude without attracting US sanctions. And for India, US President has shown real consideration by exempting Chabahar port as well. One is tempted to feel that India is progressing steadily in gaining attention on the international platform.

Any initiative towards ease of doing business is bound to find immediate welcome from all quarters and Blockchain is one such initiative. The shipping industry will soon adopt it whole hog for its extreme facility of ease of doing business. To do away with paperwork as much as possible without sacrificing accuracy is to make business process less loaded. Software can be so developed that it detects and eliminates errors at the initial stage itself avoiding complications. Certainly, blockchain will stay with the shipping and it can be reasonably expected that it will soon spread to other industries too that have not so far adopted it.

with warm regards

Free time given to the coastal ... From Page - 1

Codex was developed by a software company by name Kale Logistics in association with National association of container freight stations Tuticorin chapter.

The implementation of these software, first of its kind to be implemented by a port in India has helped exporters to improve the cash flow to their company as the refunds were made available by the Customs on an average of less than two months.

Summary of the complete Interview

Summary of the interview with Mr Jeyanth Thomas President Tuticorin Customs brokers association.

The VOC Port at Tuticorin which had earned all the laurels that go with a successful major port like flourishing container trade, three mainline services calling at the port connecting the East Coast of United States, Europe and a direct service to Chinese ports via Singapore besides registering high growth in coastal shipping during the last decade is now a feeder port to Colombo operating seven sailings a week to Colombo, besides a weekly service to Jebel Ali.

Taking advantage the problems of the Port, Cochin port poached its hinterland in Western Tamil Nadu by offering hefty discounts directly to shippers on Containers. Consequently the port lost about 2500 TEUs in volumes per month. Ban on extraction of granite and rare sands like garnet sands and illuminate also caused considerable loss to the container volumes handled.

The closure of the copper smelter of Sterilite has also contributed to loss of business for the port.

Mr Jeyanth Thomas, President of VOC Port Tuticorin customs brokers association who has been associated with the port for the past two decades explains the various facets of the port's development journey in the last three decades..

The port situated near the land's end with limited hinterland had handled nearly seven lakh TEUs during the last financial year. The two terminals at the port handled nearly 3.5 lakh TEUs during the first six months of the current financial year. However the volumes handled by both the terminals account for fifty per cent of the capacity. This is the pattern in the most of the container terminals in the east coast. The private ports in the region are however trying to buck the trend.

The port had made forays into container business way back in 1999 when PSA -Sical commissioned an exclusive terminal for handling containers. From a volume of 1.5 lakh TEUs per annum during the initial years, the terminal's turn-over increased four-fold in the first ten years.

The terminal sharing the revenue with the port is based on royalty model, one of the very few ports in the country, opting this particular method of sharing revenue. As the terminal handling charges were fixed low, the terminal pressed for revision of rates within three years of operation. This was however, was turned down by both the Port and the Tariff Authority of India. The legal battle between the port and the terminal continued and soon the terminal claimed that more volume of containers they perform at the terminal, more revenue they lose.

With the terminal's productivity was steadily dropping, trucks which used to be cleared in three hours for handling of cargo inside the port took 10 to 12 hours creating a man-made congestion.

The move to start a second container terminal was put on hold and tenders called for the purpose were withdrawn in 2008 on grounds of world-wide recession. The trade started picking up volumes

around 2010 when the port faced a peculiar situation with cargo piling up at port premises with less capacity in the terminal to handle them.

Meanwhile the mainline services operating from the port started skipping the port due to lack of adequate draft. While the main line service ships needed a draft of at least fourteen meters, the available draft in the port was around 10.5 meters in 2005,

The first liner to skip the port was the weekly direct service to East Coast of United States including New York. The next to go was the service to Europe run on weekly basis. The last main liner to call of Tuticorin port was the service to Chinese ports via Singapore and Port Klang, The vessel operator said the service is not commercially viable and therefore wound up.. This happened around 2009. After this development, the Port became feeder port with seven sailings to Colombo per week and a weekly service to Jebel Ali.(Dubai)

On transshipment business, he said the port cannot compete either with Krishnapatnam private port or Colombo since both the ports have distinct advantages over Tuticorin. (Krishnapatnam has emerged as a leader in transshipment business in the region handling 2500 TEIS a month.)

Besides attracting big container ships because of being a deep port, Ships from Krishnapatnam have the advantage of moving directly to the far-east ports while from Tuticorin port they have to circumnavigate Sri Lanka to reach the same destination.

Since transshipment requires operation of multiple ships at a time, the terminal should have sufficient length for the operations which is not available in Tuticorin port..


Colombo being an established player in Transshipment business catering mainly to containers coming from the East coast ports of India. Colombo port's deepest available draft is eighteen meters and on an average most of the container berths have 15 meters draft. The Dakshin Bharat Gateway Terminal in VOC Port Tuticorin has declared a draft of 13.1 meters draft. This is the deepest berth in the port.

Summing up he said the port in the past did not take correct decisions at the right time. He cited the instance of the decision to scrap the tender for second container terminal in 2008 cited World-wide recession when the trade was picking up in the port.

Timely measures if taken to increase the draft could have seen the continuance of main line vessels calling at the port. Sorting out the revenue sharing problems with PSA-Sical in time instead of legal option could have improved productivity; scrapping of Outer harbor project sanctioned in the 2014 Union budget and not giving shape to Optimization of the inner harbor project.

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Summary of the complete Interview From Page -2

Lack of rail connectivity to Tuticorin port is not a major issue for container traffic but it is certainly required for transporting bulk goods. A major port of the government has a single railway line sharing both freight and passenger trains to the nearest commercial city of Madurai. The coastal railway line from Chennai to Tuticorin was sanctioned ten years ago by the railway but is yet to take off. The doubling of railway track from Madurai to Tuticorin was announced two years ago but there is no work on the ground by Rail Vikas Nigam Limited, entrusted to undertake the project on behalf of Southern Railways.

As for movement of containers, the trade is content with the road connectivity to link the hinterland. But to cater to incremental growth in port traffic, the trade requires six lane road to Madurai, Salem, Karur, Tirupur and Coimbatore. The existing two lane road from Dindigul to Coimbatore should be immediately upgraded to four-lane.

The trade in South Tamil Nadu favors early completion of Sethu-Ship Canal Project which remained abandoned for the past eight years. With the early completion of the project, the coastal shipping in the region will get a boost. The trade could increasingly use coastal ship option in preference to roads since the canal project will reduce the journey from East to West Coast ports by one and half days. This will considerably reduce the ship freight for coastal cargo.

The Direct Port Delivery of imports and Direct Port Entry of exports designed by the government to cut transaction costs will not make much headway in VOC Port due to local conditions. The direct port delivery

which has been in vogue in major ports for the past one year accounts for hardly one per cent of the imports in the port. According to the trade estimates, hardly 20 per cent of exporters could switch over to direct port entry since the export cargos require inspection by enforcement agencies.

Though the major port has been functioning in the region for the past forty years besides the availability of abundant power, land and cheap labor, industries have not come up in the region due to the absence of a full-fledged airport with night landing facilities. The Airport expansion work is expected to take off shortly since the state government has completed the land acquisition work recently.

The Shipping Ministry's industrial zone project along the VOC port also has not made much headway because of the availability of cheap land around the port.

Unlike other major ports, Coastal Shipping has done well at VOC Port. Three ships from Gujarat arrive here every week carrying cotton, Tiles, Chemicals, Wheat and Pulses. The volumes handed are 6000 TEUs a month. The volume could easily be increased to 12,000 TEUs a month provided the port administration increases the storage free time from the current two days to seven days.

The VOC Port Tuticorin has an interesting incentive to offer to Exporters. The Port's Customs Brokers Association in collaboration with a private firm and port's stakeholders developed two distinct Softwares which would help them to get the GST refunds within two months.

India becomes Member of ITU Council for four years

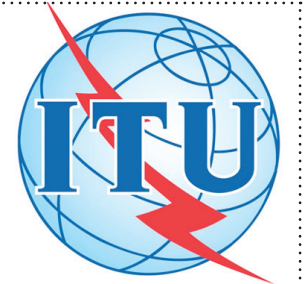
NEW DELHI
Sagar Sandesh News Service

In the elections held during the ongoing ITU Plenipotentiary Conference 2018 at Dubai, UAE, India has been elected Member of the International Telecommunications Union (ITU) Council for another 4-year term (2019-2022).

By securing 165 votes, India ranked third among the 13 countries elected to the Council from the Asia-Australasia region, and eighth among the 48 countries elected to the Council globally.

The ITU has 193 memberstates who elect representatives to the Council.

Commenting on this development, Shri Manoj Sinha, Union Minister of State for Communications (Independent Charge) said, "We are delighted to see India as a member of



the ITU Council once again. This is a recognition of the role our country plays in the area of Telecom and ICT on the global stage".

"India shares the dream and vision of ITU to realize the world as one nation and knowledge society", the Minister added. "Our strong partnership with the ITU is also demonstrated in the recent ITU decision to set up the ITU South Asia Area Office and Technology Innovation Centre in New Delhi. We are on target to have this Centre operational by January, 2019".

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