



Sagor Sandesh

Guiding Spirit to Shipping Industry

Maritime Tabloid English Weekly E-Paper

In association with R L Institute of Nautical Sciences, Madurai, Tamil Nadu. | RNI No. TNENG/2012/41759 | Wednesday, November 21, 2018 | Voyage 7 Wave 42

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If the government ports satisfy the customers, they will also do well in business like the private players: Dr Arul Joseph

Profile of Dr Arul Joseph Managing director UNICORN



Dr Arul Joseph
Managing Director of UNICORN

A college drop out because of abject poverty having lost his father at an early age, Dr Arul Joseph makes his beginning in marine career as a stowaway in a Greek vessel European Independence in late Sixties.

He started his sea career doing menial jobs. Working twenty hours a day on an average, he earned a salary of forty British pounds a month. Besides supporting his family as a sole bread winner, he rose from the ranks to become a Master Mariner.

After completing the family responsibilities, he shifted from ship to shore career in Chennai, his birth place. His passion all along his career in the Sea was to start Shipping Company.

With this aim in mind he joined a shipping company with no salary merely to gain experience in running a firm. He was paid a sum of Rs two hundred a month to make him mobile by a motor bike by his employer.

From humble beginning, Dr Arul Joseph started the Unicorn in 1983. There is no looking back for him once the company went into stream. UNICORN was doing bagging and customs clearance work for two years before becoming a full-fledged Steamer Agent in 1985.

The company under his stewardship developed Agency, Chartering and trading in four major commodities of Coal, Iron Ore, Edible oil and General cargo. He visited all the countries where these products are produced to get a first-hand knowledge of the business he was entering.

In a brief period the Chennai based UNICORN MARINE INDIA PRIVATE LTD achieved several laurels in Shipping. The first ship carrying imported coal to Chennai Port was brought by the firm. It also brought in the first Palm oil consignment to Chennai Port. The first Cape Size vessel of 11 lakh twenty thousand DWT was handled by the firm in Krishnapatnam Port recently.

Meanwhile Dr Arul Joseph went ahead to complete his academic qualifications. After completing the Masters degree, he got two doctorate degrees in India and United States and two PHDs from India and France. He has received several National and International awards for his service maritime industry.

His company plays a leading role in delivering Corporate Social responsibility by supporting several community welfare projects.

Both his sons are in the Maritime Industry. The first one who studied in UK is a sailing mariner. His second son Arul Augustine Joseph who holds masters degree in business administration from Bradford London is assisting his father in running UNICORN

The company had recently organized a major award giving ceremony where leading personalities and firms in the marine industry were honored. Representatives of the Industry from all over the country especially from Mumbai were present in the momentous ceremony.

Sagor Sandesh: What is the state of the Shipping Industry which has been reeling under the impact of recession for the past ten years? Do you see any sign of the Industry picking up in the near future? Reports indicate that the global container industry has started picking up though it is not reflected in many Indian ports especially in the East Coast?

Dr Arul Joseph: The Shipping industry according to me is not under any pressure. As of today the industry remains the same as it was many years

ago. The changes are evident because those Ports which satisfy the interests of the Customers are picking up rather than those who are sticking to the Old Norms.

Most of the ports in the Indian West coast doing well are the so called minor ports. But in my view they are the Mega ports run by private institutions. They are highly competitive and result oriented compared to Government owned Ports.

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Editor speaks...

Dr Arul Joseph touches a very fundamental fact for any business or trade to succeed and survive when he is discussing how the government ports can improve their performance. He says: "If the government ports take up the opportunity to satisfy the customers they will also do well in business like the private players." Implications of this statement are significant; two facts appear to emerge from this statement, one: satisfying the customers, two: the private players do while the government ports do seem to do. Any successful business worth the name must not fail in its primary goal: satisfaction of the customers. No business is possible without customers and no customer of a company will continue to be its customer if the company does not satisfy him. Satisfaction of a customer means fulfilling his needs and in business context, his need can be only one: to see some more money from his money invested. Without this more money which in business parlance is popularly called profit no business can thrive. Customer is always right is another business guideline that never fails.

Prime Minister Modi strains all his nerves, so to say, to achieve international recognition for India through endless visits to countries and

through strengthening bilateral relations with those countries. The range of his vision, one can see, is not merely restricted to economy; it includes culture, science, technology and above all peoples' welfare. This time it is Maldives.

More than once, it has been said by analysts and shipping companies that trade war does not bode well for international trade. This time it is Maersk. Like trade war, cyber threat is also another constant source of anxiety for shipping. Cyber crime, the legacy from the modern negative world, looms large now driving the industry to anxious preoccupation with cyber security which has to be maintained and protected.

PM Modi's launch of APIX in Singapore FinTech Festival 2018 is a historic event that makes banking accessible to billions of people from remote regions. PM Modi appears to have staunch faith in banking that will help promote transparency in dealings with large public. Any government's financial support to the people he makes it a point to take them direct through bank accounts of the public. Intermediate administrative human intervention has not been found very useful and beneficial to the illiterate public.

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

If the government ports ...

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If the government ports take up the opportunity to satisfy the customers they will also do well in business like the private players.



Kattupalli port; one of 'the Mega ports run by private institutions'

SS: How can Indian exports stand to benefit because of the on-going trade war between United States and China? Do you see prospects of Indian exports to China picking up in the near future?

Dr AJ: It is clear when two parties fight among themselves, the third one will be the beneficiary. The trade war between United States and China is more political than fight over Maritime interests. As of today India is doing well in exports to China. In the event of the trade war between them escalating without a solution, India has got great opportunity to step up exports to China. We have recently received bagged good export order for Sugar and soya bean, This is a plus point for India.

However I believe both the countries will reach a solution and will not allow things to escalate.

SS: Ports in the West Coast especially the container terminals in JNPT and Mundra are

working more than one hundred per cent of their rated capacity while the ones in the East coast are working to fifty per cent of the capacity? If this trend persists, what is the future of Container Terminals in Chennai and Tuticorin ports?

Dr AJ: Most of the container terminals in the West Coast are performing more than one hundred per cent of their capacity and this is the result of their reach to customers in the form of connectivity, Pricing and in the form of customer friendly service.

The ports in the East coast like Chennai are fatigued and hurt by the very fact of the non availability of good approach roads to the terminals, Chennai Port has only one approach road through Royapuram. The Visakhapatnam port has two or three approach roads while Krishnapatnam has several approach roads leading to the port.

The ports in the West Coast receive regular calls of feeder and mainline vessels which contribute to the one hundred per cent capacity utilization whereas Chennai port gets suffocated by congestion.

I used to ask the port authorities that when the container terminal was privatized did they consider the aspect that it has to survive on one approach road. Initially the container terminal received two ships a week. Their number went on adding over the years. Now, all the traffic had to move through the single approach road which always gets choked.

With the result the container trailers had to wait for hours and sometimes several days to enter the Chennai Port.

As for the future of Container terminals in Chennai, they could be developed if the government along with the Port administration contributes to deploying Extended Gates to the Port and increase approaches to the Port.

(To be continued...)

Oil spill once again in Kamaraj Port

CHENNAI
Sagar Sandesh News Bureau

Over two tons of furnace oil leaked into the sea from Oil tanker M T Coral stars near Kamarajar port in Ennore in North Chennai on November seventeenth when a flexible hose of the vessel snapped from the berth side of the ship.

The tanker was discharging the consignment at the Marine Liquid terminal in the port area early in the morning when the incident took place

A press release issued by the Kamaraj port said A Vessel namely M.T. CORAL STARS was discharging Fuel oil through flexible hose at Marine Liquid Terminal 1 in Kamarajar Port on November 18. At around 04:03 hrs, it was noticed that the flexible hose got snapped from the berth side. Immediately, the discharge of cargo was stopped by operating the emergency control button.

Because of the snapping of hose, some quantity of Fuel oil

which was mostly contained in the hose got spilled in the sea water in front of the berth area.

Preliminary estimate of spilled Fuel oil quantity is less than 2 tons. The emergency response mechanism was immediately activated and all concerned agencies including Coast Guard swung in action to attend and mitigate the situation. CMD, KPL and Senior officers from Kamarajar Port and Chennai Port Trust, Indian Coast Guard rushed to the site. Govt. of Tamil Nadu was also informed of the incident.

Fence boom was immediately deployed around the Vessel by the Port to arrest the drift of spilled Fuel oil. Ariel survey was also done by the Coast Guard along with sea side reconnaissance by their Interceptor Boat so as to assess the spillage surface. Visually it was observed that the spillage is confined within the Break water area of the Port and mostly with the fenced boom area.

Recovery of spilled Fuel oil



The Great Chennai Oil Spill Clean Up in early 2017

was immediately commenced with the help of skimmers and absorbent pads. The recovery process would be completed by tomorrow.

This is the second time an oil spill is occurring in the port in the last one year. Early last year in 2017 two oil tankers collided near the entrance of Kamarajar port Ennore leading to a massive oil spill. The spill extended from the port area situated in north Chennai to the famous Marina beach and on to Mahabalipuram a distance of nearly sixty kilometers from Chennai along the shore line causing serious damage to the flora fauna.

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Morocco navy finds
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Rs.3, 015 crore
order bagged by ...

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IW-1 to increase
exim trade; Haldia ...

PORT - 10



ONGC ordered to pay
Rs 242 crore to ...

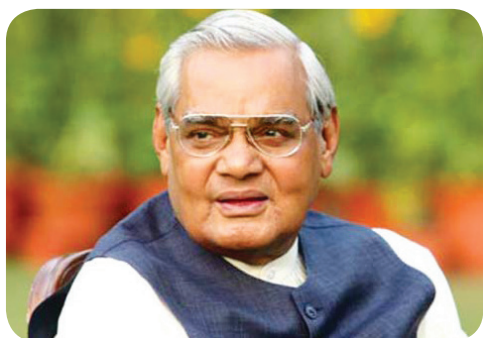
Shipping by itself is a revenue fetching business. The business model is to give services and get paid instantly: Dr Arul Joseph



Dr Arul Joseph,
Managing Director of UNICORN

Sagar Sandesh: The container terminals in Chennai are facing stiff competition from neighboring ports like Katupalli, Krishnapatnam and Adani terminal in Ennore Port. What is your take on future of the terminals?

Dr Arul Joseph: As far my knowledge goes there is no question of competition in Indian conditions when the market is vast. It is survival for all. Keeping this in mind former Prime Minister Atal Bihari Vajpayee announced the Sagar Mala project which pronounced the need to have a port in the country for every one hundred kilometer of our vast coastline spanning over seven thousand kilometers.



Former Prime Minister
Atal Bihari Vajpayee

Last year Chennai port has done considerably well in handling container traffic despite the stiff odds like congestion and bad roads. Customers opting for Kattupalli and the Adani port in Ennore, not because the logistics costs in these new ports are low but because of issues of connectivity. The cargo from these ports can easily reach the Kolkata highways using the Outer Ring Road avoiding the congested EMRIP.

Let me tell you one thing that the development or destruction of a Port is always dependent on the Customer who is the god and customer satisfaction is paramount for the growth of any Port.

SS: Chennai Port was the pioneer in starting the container traffic having started the business way back in 1980 way ahead of the terminals in the West Coast. But the terminals in Chennai have not picked up volume wise compared to the ones in the West Coast. What are the contributing factors? Do the terminals need incentives from the Ports to increase the volumes? A stage has been reached when the terminals do more containers they tend to lose revenue or in other words there is no incentive for growth.

Dr AJ: Chennai port was the pioneer in container traffic in the days when we did not have Ennore Kamarajar port, Kattupalli or Krishnapatnam ports. The cargo intended for Chennai container terminal is now split with the new ports to the convenience of the customers with the time factor, Logistics and flexibility involved.



Too much paperwork hampers administration, often more a nuisance than a help

As of now, even though the costs in other ports are higher than Chennai, the customers prefer to go there because of mental tensions caused by congestion, heavy paper work, uncertainty of goods reaching the end customer in times and the shippers' fear of losing big contracts with overseas customers due to delay in handling in port. Coupled with all the factors, the EXIM trade prefers to go to neighboring ports even though the costs are high.

I have given so many suggestions to the Chennai port authorities to improve the situation like construction of an overhead road within the Port so that containers coming from the terminals connect to Highways straightway without having to go in circles within the congested North Chennai. The model of the project submitted to them is lying idle. None of these projects were taken up for consideration.

There were times in the past when lorries coming to the port were parked in haphazard way both within and outside the port. Some of the drivers used the port as a parking yard, park their vehicles, go to Tirupati temple for darshan and come back after two days

and take the lorry. Drivers hardly observed lane discipline. Cleanliness was lacking in the port. There were no dividers, danger lights, concave mirrors, speed-breakers with bold black and yellow paints. Things have improved now.

SS: Do container terminals in Chennai Port need incentives to grow?

Dr AJ: Shipping by itself is a revenue fetching business. The business model is to give services and get paid instantly. It is not like manufacturing where you manufacture a product, market it and wait for the returns. Hence there is no question of financial difficulty in the shipping industry. However, the industry cannot be successful without team work. Container or break bulk the whole industry is incentive driven.

SS: Do you think the railway connectivity between the east coast ports and the manufacturing centers like Eastern Maharashtra and National capital region is adequate? Is lack of adequate rail connectivity the main reason why the ports in the east coast are languishing?

Dr AJ: Chennai has good rail connectivity. Unfortunately, for reasons best known to the Southern Railway, adequate rail rakes are not made available to the trade. If we need ten rakes for transporting cargo, the Railways will make available four rakes. The issue gets flagged at several trade meets but the railways have not been relenting to the requirements of the trade.

There is of course an urgent need to lay a Dedicated freight corridor between Chennai and Tughlakabad on the lines the corridors connecting Mumbai and Delhi and Ludhiana and Kolkata.

There is also pressure on the railways from the trade for making available more liquid tankers to handle edible oil imports. The trade is now dependent on road movement of edible oil imports. If the railways make available adequate tankers, it will ease the road congestion.

SS: There is a view in the industry that future of East coast ports are linked to industrial growth in Tamil Nadu, Andhra Pradesh and Telengana. Your views...

Dr AJ: Industrialization is taking place in a big way in both Andhra Pradesh and Telengana. But goods manufactured in both the states are shared by JNPT and Krishnapatnam Ports. The marketing teams of these ports do not sleep and are on their toes. If someone grows chillies in remote corner of Andhra Pradesh, Krishnapatnam port's marketing team reaches them for export possibility.

(To be continued...)



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Hyundai Merchant Marine places a major order ...



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Africa could be a good market for Indian electric vehicles and ...



EXIM - 9

Iran sanctions: UAE, Saudi assure ...



PORT - 10

V.O.C Port creates history by handling Ship with ...

The Chennai port failed to create facilities for trailers carrying the blocks: Dr. Arul Joseph



Dr Arul Joseph,
Managing Director of UNICORN

(Interview Continued)

Sagar Sandesh: Not long ago Chennai was the only port for South India. Now there are three ports around Chennai Port competing for the same cargo and operating in the same hinterland. Should Chennai port diversify its operations like bunkering and Cruise shipping?

Dr. Arul Joseph: The Sagar Mala project has envisaged setting up of one port every one hundred kilometers. There is no question of competition. Everyone will get cargo. More ports will be busy and more cargo will be generated.

Chennai port is the best port in the east coast with excellent logistics facilities. Every exporter and importer will prefer using Chennai port on logistics and location. The cargo from the port however has not picked up since the port administration did not take into consideration forward thinking of the customers. In the process they have lost lot of cargo to neighboring ports.



Kakinada port got granite blocks which Chennai port treated as traffic hazard

For instance granite blocks which used to come to Chennai port for export have since shifted to Kakinada port. The port failed to create facilities for trailers carrying the blocks. The cargo was treated as traffic hazard and given up.

Chennai port had flourishing business in handling both imported and indigenous coal. Since there was no place to stack coal especially the imported ones to stack, the vessels shifted to other ports. There was no Ennore port then. The ships got diverted to other ports.

To ensure quick evacuation of imported coal from the port, the trade suggested to the customs authorities to collect the full duty before the vessel carrying imported coal arrived at the port. After this rule was imposed there was no problem in evacuation of coal from the port. Otherwise the importers were clearing coal in dribbles.



Chennai port ordered to stop handling coal and iron ore, on environmental grounds

When handling of coal cargo in the port was sought to be stopped by people approaching the court on environmental grounds and on the basis of right to life, the trade gave lot of suggestions which would have helped the Port to retain the cargo. We suggested the construction of a tall boundary wall higher than the coal stacks in the port and put up advertisement bill boards over the wall. No one will know what is happening in the port's coal yard. The suggestions were not implemented and the Chennai port lost the vital coal cargo a few years ago. Coal handling in the port which stopped several years ago is yet to commence.

Silica and quartz sand used to be handled in the port in a big way but they were given up on the ground they were dusty cargo.

SS: With the near implementation of EMRIP Ennore Manali Road improvement program providing dedicated lane for container traffic from Chennai port to Ennore, has the congestion problem been addressed? In short term the Chennai port has given

extended gate facility at Tondiarpet Concor yard for imports and CWC Ware house for direct port delivery. Have these facilities made a dent into congestion?

Dr. AJ: No. As of now the vehicular traffic in North Chennai has increased three fold with the commissioning of Katupalli and the container terminal at Kamarajar port. The ten year long delay in completing EMRIP has not solved the intention. You have to now construct a fly over above EMRIP to solve the current problems of congestion.

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Delivering your strategy.

Editor speaks...

Not long ago Chennai used to be the only port for entire South India. The monopolistic tendencies take time to die down as in the Case of Chennai Port. The port which enjoyed a monopoly status when there were no private ports in the vicinity, hardly listens to constructive suggestion. This was brought out succinctly by Dr Arul Joseph in his interview to Sagar Sandesh when he dealt with how the suggestion to improve the functioning of the Port and to retain the existing cargo were brushed aside by the port administration in 1990's.

He had spoken of how granite, quartz and coal had shifted to nearby ports, which could have otherwise, been retained if only the suggestions of the trade were implemented by the Port administration. Take the case of coal which used to be one of the main cargo handled by Chennai port till the Supreme court ordered its stoppage on environmental grounds.

The suggestion of the trade was to build a high boundary wall adjoining the Northern boundary and set up bill boards on top of it so that Chennai's neighbourhood will not be aware of what is being handled at the Port. The suggestion was not implemented by the Port administration and consequently the port lost the precious coal cargo forever. The right to life of Chennai's northern neighborhood from coal dust was conceded by the Apex court

Another major problem the Chennai port I faced with is that it has only one approach road for the container traffic.

Though Chennai port started the container business way ahead of other ports, it did not take care to improve the approach road to container terminals. The one and only approach road through Northern Chennai had two lanes before Ennore-Manali Road Improvement project (EMRIP) was implemented. With TN Government dragging its feet on land acquisition issues, it took nearly ten years for the 30 kilometer project could be implemented. Even after this inordinate delay, the State government is yet to clear the encroachment near the port entrance. The fishermen of the area enjoy political patronage and hence the port administration is taking its own time to remove the encroachments. The net result EMRIP Project providing dedicated lane to Container trailers is 98 per cent complete.

Another major evacuation project Chennai port Maduravoyal Elevated corridor was put on hold by the TN government for over six years. Though the late chief minister J Jayalalitha claimed that work was stopped on environmental grounds, the trade is convinced that the decision was political. Her decision to stop the project midway virtually killed the thriving container business of Chennai port with the trade moving to neighboring ports like Katupalli. Though the project got revived after Ms Jayalalitha's death, it would take several years for the Chennai Port to recover from the shock administered by her government.

with warm regards

The Chennai port failed to ...

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SS: In the long term say in two to three years the elevated corridor project between Chennai port and Maduravoyal will be commissioned. Other projects implemented by the port include a Logistics park at Jolarpettai railway station and a Satellite port at Puducherry. Will completion of these projects help to improve the prospects for increasing container volumes in Chennai Port?

Dr. AJ: The completion of elevated corridor project will not help to increase volumes in Chennai container terminal. The intention of the project is to ease traffic. Besides, the same Corridor will be used by Katupalli and Kamarajar ports.

SS: With the relaxation of cabotage laws allowing foreign vessels to carry domestic cargo, empties and fertilizers, do you see any scope for increase in transshipment business at Chennai Port? The nearby Krishnapatnam port which started the transshipment business a year ago is currently handling 25000 TEUS a month by way of transshipment. What are the prospects of handling transshipment cargo from ports in Bangladesh and Myanmar besides the East Coast ports?

Dr. AJ: The relaxation of Cabotage laws is a welcome move by the Shipping Ministry. Now the problem comes on what type of cargo you have for transshipment and the type of ships being used for the operation whether they are geared or non geared. Bunker rates should be slashed considerably as it will not be economical to pay the same rate as for international operations.

The ports interested in transshipment should have one or two dedicated berths fully equipped with cargo gear for multiple handling.

Chennai port which has entered the transshipment business recently cannot compete with Krishnapatnam port since they have entered the market early, and have bagged several long term contracts in their kitty. They have also offered huge

concessions in handling charges for transshipment cargo.

Besides, neighboring ports like Kakinada have also entered transshipment business. The port has recently handled a Cape size vessel (one lakh twenty thousand DWT) in its outer anchorage.

SS: Arrival of mainline vessels to the East coast ports has come down substantially in the last five years. Tuticorin port which was handling three mainline vessels a week to United States, Continent and China a decade ago has become a complete feeder port, with Colombo becoming the mother port. What are the steps that need to be taken to revive the arrival of mainline vessels to the East coast?



Tuticorin port has become a feeder port

Dr. AJ: The contract that Chennai port entered into DP World terminal has stipulated that the terminal will ensure the arrival of certain number of mainline vessels. Many of them have started avoiding Chennai port due to delays in the Port. The mainline need faster turn round since the freight rates are expensive. The ships run on a tight schedule with no compromise on delays.

(To be continued...)

Indian Coast Guard Ships CGS Samar and Aryaman are on a week long visit to Sri Lanka

COLOMBO
Sagar Sandesh News Bureau

Indian Coast Guard ships CGS Samar and Aryaman arrived in Colombo Port on November after participating in the India-Sri Lanka-Maldives Tri-Lateral Coast Guard Exercise 'Dosti' that was conducted earlier this week in Maldives. Two junior Sri Lanka Coast Guard Officers have travelled on the ships since their departure from India to provide them valuable sea experience and first hand insight into Coast Guard operations. During their stay in Sri Lanka, the ships would also be visiting Galle according to Sri lankan media reports quoting Indian High Commission officials..

"The visit is aimed at furthering the level of cooperation and interoperability that exists between Coast Guards of both nations and to assist in capacity



Indian Coast Guard Ship

building of Sri Lanka Coast Guard. Interaction between both the services has seen a steady increase over the years with a number of high level delegations and four ship visits undertaken by Indian Coast Guard to Sri Lanka since the last year. The operational and professional exchange that takes place between both the Coast Guards has also served to build mutual trust and provide an opportunity to learn from each other.

"CGS Samar is an indigenously designed state of the art vessel that was built in Goa Shipyard, the same yard where Sri Lanka Navy's two

latest Advanced Offshore Patrol Vessels Sayurala and Sindhurala were built. The ship is designed to carry high speed boats for fast boarding operations, search and rescue, law enforcement and maritime patrol. CGS Aryaman is also an ingeniously designed vessel that was constructed at Cochin Shipyard. Like CGS Samar she is also tasked to carry out fast boarding operations, search and rescue, law enforcement and maritime patrol.

"During their stay in Sri Lankan Ports, the Indian Coast Guard ships will undertake training on aspects such as search and rescue, vessel search procedure and documentation, pollution control etc. In addition, a series of professional exchanges and sports fixtures have been also planned ashore between the ships' crew and Sri Lanka Coast Guard personnel at Colombo as well as Galle."

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Guiding Spirit to Shipping Industry

Sagor Sandesh

Maritime Tabloid English Weekly E-Paper

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PORT - 10



Coastal shipping from the East Coast..

The government owns 13 major ports and this is more than adequate: Dr Arul Joseph



Dr Arul Joseph,
Managing Director of UNICORN

(Interview Continued)

Sagor Sandesh: Coastal shipping has not taken off despite several concessions offered by the Shipping Ministry as well as by individual port administrations. Exclusive berths for coastal shipping are being constructed in several ports including Chennai. Can you identify reasons why the coastal volumes are not picking up and how they can be addressed?

Dr Arul Joseph: Government has to give lot of concessions to operate coastal vessels. They include cargo handling charges, port dues and pilotage if necessary. Waterways need to be maintained so that there is continuous draft available for movement of vessels. Bunker rates need to be drastically reduced. The paper work for coastal vessels should be uniform in all the ports and standard operating procedure should be the same in all the port s handling coastal cargo

Unions are applying pressure on foreign going vessels that they should deploy Indian crew for their domestic operations. This attitude of the unions is not going to help coastal shipping. Procedures need to be simplified for foreign going vessels conversion to coastal run.

SS: The Sethusamudram ship canal project remains stuck for the past twelve years after the government had sunk over Rs one thousand crores. The shipping ministry is yet to come out with an alternative alignment though the Supreme Court suggested this over a decade ago. Can revival of the project improve coastal shipping in Tamil Nadu coast?

Dr A J: From whichever angle you look at the project, I would say it is not beneficial to the maritime industry. The channel has lot of draft restrictions. Navigation needs pilotage. To gain a couple of hours, the project if implemented will not be beneficial to the trade. The project will however be useful for Naval and coastguard vessels in the light of strong Chinese presence in Sri Lanka.

SS: India is keen on taking over development of Colombo East terminal. Whether it will succeed in the changed political situation in Sri Lanka is anybody's guess. Colachel and Vizhinjam transshipment terminals were planned to give a run to Colombo's transshipment business. If India takes over Colombo East or West terminal for development, do you think Colachel and Vizhinjam terminal projects need to be scrapped?

Dr A J: If India manages to take over development of Colombo port's east or west terminal, it will certainly kill the Vizhinjam and Colachel port projects. In that case both the projects need to be scrapped.

SS: An owner of a container terminal was quoted as saying recently that Indian ports need more cargo and better rail and road connectivity rather than the government going in for new ports. What is your take on the issue?

Dr A J: The government owns 13 major ports and this is more than adequate. We need not build new ports but maintain the existing ones by providing them better connectivity. The only thing required is to shape the port to suit the requirements of cargo operators.

Another suggestion of mine is to undertake an extensive survey of our vast coastline and locate places which have natural draft of 14 to fifteen meters. Auction these spots to industries say to cement manufacturer or any other manufacturing industry, of course to the highest bidder. The manufacturing industry will not build a big port at the first instance. He will construct one or two jetties to facilitate the firm's cargo movement. Permit him to buy the land adjacent to the coast in the second phase. He will build an industry and fishermen will become the employees because of better earnings. God forsaken places will become industrial centers.

SS: The Direct Port Delivery of imports have picked up in major ports. In some of the ports like Chennai DPD accounts for 40 per cent of the imports. The port has targeted to reach 60 per cent in a year. The direct port entry of exports is also picking up especially in new private ports with large storage capacities like Katupalli. The government has stopped issuing fresh licenses to Container freight stations, In this case. Will more Inland container depots come up in the interior areas?

Dr A J: All over the world the concept of direct port delivery is encouraged. India is the only country where we have excess of facilities to store and stack import and export containers in the form of Container Freight stations.

Freight stations are not valid concept and therefore they have no future. Customer is king in the trade and he or she does not want 101 unnecessary movements before the cargo reached them from the Port.



Container Freight Stations

For industries, which do not have adequate space to store, the port has to find ways and means to help them to store goods for a brief period. There is no future for freight stations and sooner or later they have to fold up their business.

They may be converted to ware houses or stock yards.

SS: Having worked in Chennai port for several decades, how do you view the future of the port?



Chennai Port

Dr A J: Chennai port has a very advantageous location close to several industrial belts. No exporter or importer would like to miss the port for their needs. The port has a bright future if some minor modifications are sincerely attempted.

Cruise shipping will pick up in a big way since the state of Tamil Nadu has a wide array of temples. Bunkering is another option, Marketing efforts should be strengthened.

Turn to Page - 2

Editor speaks...

Dr Arul Joseph views building additional ports as unnecessary and the improvement of the existing ports can be given attention. All experts talk about last mile connectivity and Dr. Arul Joseph too insists on developing better connectivity for better performance of the existing ports. As the owner of a container terminal has pointed out, we need more cargo than more ports. Describing the condition of the shipping in simple words, it has been said too many ships chase too little cargo. The words bring out the pragmatic view of the situation. While talking about the possible ways of improving the performance of the Chennai port, he says, Cruise shipping will pick up in a big way since the state of Tamil Nadu has a wide array of temples. Bunkering is another option, Marketing efforts should be strengthened. Business insight leads to correct business decisions.

The Centre's plan of investing a sum of Rs 70,000 Crore to expand Gas pipelines across the country must be welcome since it almost ensures continuous supply of gas, an indispensable need.

Cruise tourism promises big business; it is seen that more and more people choose to experience cruising pleasure and particularly with the disposable income beginning to increase, the hope for the development of cruise tourism

appears promising and to the social development.

In shipping CMA CGM has achieved a remarkable feat: loading its first smart container in India. A very innovative logistical need, it helps the customer track the movement of the cargo at each step of the transportation. Cargo forms the crucial element of the trade. Cargo is the backbone of the commerce. Being sensitive to the vital needs of the customers is a strategic business insight that promises sustainability.

It is a piece of good news that Hyundai at last has chosen to move its cars through Chennai port. The company exports nearly twelve thousand cars to various countries in a month through the Chennai port for which a long term understanding has been reached.

According to the World Bank Report, India and Pakistan trade is much below than its potential. The report stated that Pakistan's decision of not granting Most Favored Nation status or non-discriminatory market access to India was also a barrier to trade. The preferential access granted by Pakistan on 82 per cent of tariff lines under Safta was partially blocked in the case of India because

Pakistan maintained a negative list comprising 1,209 items that could not be imported from India, the report noted.

with warm regards.

The government owns 13 ...

From Page -1

(For the benefit of the readers who have not been able to read the earlier parts of the Interview with Dr Arul Joseph)

Summary of the interview with Dr Arul Joseph Managing director UNICORN

The global shipping industry is not under pressure and remains the same as it was years ago

Those ports which satisfy the interests of the customer are picking rather than those sticking to old norms. The Ports in the west coast which he described as Mega Ports are highly competitive and result oriented compared to government owned ports. He asked the government ports to grab the opportunity and satisfy the customers so that they too can do well in business like some of the private players.

On the on going Trade War between United States and China is more political than a fight over protecting the maritime interests. He did not think the trade between these two countries will escalate and a solution be found soon. The Indian exports to China has bright future. Already we have received orders for Sugar and Soya bean for the first time.

The container terminals in the west coast ports are performing well as a result of their reach to the customer in the form of Connectivity, Pricing and customer friendly services. The Ports in the east coast especially Chennai are fatigued and hurt by the Non availability of proper approach road to the Port. Chennai Port sustains on one approach road while other ports have multiple roads making evacuation of cargo an easy task.

The government and the Chennai Port administration should take steps to have more extended gate facilities and increase approaches to the Port.

On Chennai port facing stiff competition from neighboring ports he said there is no question of competition since the freight market is vast. It is survival for all. Keeping this fact in mind former Prime minister AB Vajpayee floated the idea of Sagar Mala by which he intended to create a port for every one hundred kilometer of our coastline.

The Chennai port did well last year in container handling despite the competition from neighboring ports. Customers opt for ports other than Chennai not because handling costs are lower there but because of issues of connectivity. Development or destruction of the port depends upon the customer and customer satisfaction is paramount for any port.

Chennai port pioneered container handling having started the business way back in 1980 when there was no JNPT or Mundra. There was no Katupalli, Ennore or Krishnapatnam. The cargo intended for Chennai container terminal now gets split into three ports. Though the handling charges in these new ports are higher than Chennai Port, customers prefer them because they will be rid of the mental tensions caused by congestion. Besides there is heavy paperwork, uncertainty of goods reaching the customer and exporters fear of losing big contracts due to delay in handling. All these factors persuade the EXIM trade to skip Chennai and move to neighboring ports. Chennai port has lost granite. Quartz sand and coal in the recent past.

ON connectivity there is a need for laying a dedicated freight corridor from Chennai to Tughlakabad (Delhi) like the freight corridors being implemented between Mumbai and Delhi and Ludhiana and Kolkata.

The near completion of Ennore Manalai Road improvement program providing a dedicated lane from Chennai port to Ennore than on the Kolkata

highway will not reduce congestion since the vehicular traffic in north Chennai has increased manifold after the commissioning of Katupalli and Kamarajan port's container terminal. The ten year delay in completing the EMRIP has not helped to solve its intention. We may now have to think in terms of building a fly-over above EMRIP to cater to future needs of the Port.

The completion of the elevated corridor between Chennai port and Madurvoyal will not help to increase the container volumes in Chennai port since the same corridor will be used by cargo from other ports.

For transshipment business which is picking up in the east coast to succeed the port should take care to know the type of cargo to be handled and type of ships which will be used for handling geared or non -geared. Bunker rates for vessels for carrying transshipment cargo need to be slashed. Charging the same rates for shipping operating in the international routes from ships carrying transshipment cargo will make it uneconomical.

Chennai port cannot compete with Krishnapatman port in transshipment business since the private port had entered the business early and had entered into long term contracts offering huge concessions. The neighboring Kakinada port has also entered the transshipment business.

For Coastal shipping to succeed in this country the government has to offer concessions in cargo handling charges, port dues and pilotage wherever necessary. The paper work and standard operating procedures need to be uniform in all the ports handling coastal cargo.

India's moves to secure a foothold in development of Colombo ports East or West Terminal will kill both Colachel and Vizhijam transshipment terminals. In that case both the terminal projects need to be scrapped.

On the need to build new ports in the country, Dr Arul Augustine is of the view that there is no need for more than 13 government owned ports. There is no need to build new ports but government should provide good rail and road connectivity to the existing ports and shape the port to suit the requirements of cargo operators.


He also wanted the government to undertake an extensive survey of the entire coastline in search for suitable locations with natural draft of 14 to fifteen meters. These locations should be auctioned to the manufacturing industry who will build one to two jetties to handle their cargo. In the second phase the industries should be permitted to purchase land adjoining the coast. The Industries will expend their business and fishermen will be gainfully employed. You will industrial growth in god forsaken places.

ON the future of container freight stations after the advent of direct port delivery he said all over the world direct port delivery is encouraged. India is the only country where we have excess facilities to store and stack import export containers in container freight stations.

The container freight stations are not valid concept in trade and therefore there is no future for them. Customer is a king and he does not want for unnecessary movements before the cargo reaches him from the port.

On the future of Chennai port he said the port has a bright future because of the advantageous location close to the industrial belt. No exporter or importer from the region would like to miss Chennai port for their needs. The port has a bright future if some minor medications are attempted sincerely.

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