



Sagar 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, March 20, 2019 | Voyage 8 Wave 07

**SHIPPING - 4**

MSC
Orders
Four Luxury
Cruise Ship

**LOGISTICS - 7**

Air pollution
must be
treated as a
disaster like ...

**EXIM - 9**

Shrimp
exports to US
rise 15.6% in
2018

**PORT - 10**

Chennai
port
connectivity
project land ...

Shipping companies are coming out of un-remunerative routes: Ravee S Titte

Questions and Answers from Ravee S Titte, Chief Operating Officer, German Express Shipping Agency (India) Pvt Limited

Sagar Sandesh: What is your take on the state of the global shipping industry? Has it come out of the woods after the ten year long recession? Have mergers of shipping companies that have taken place recently improved their profitability? How has the threat of trade war between United

States and China affected the industry? What are the prospects for the Industry in near and long term?

Ravee S Titte: We foresee the recession in the industry to continue for few more years. Industry is still looking for mergers and acquisitions, asset restructuring and these are indications that the shipping industry has not come out of the woods.

Turn to Page - 2 ▶▶



Ravee S Titte

Chief Operating Officer - Presently

“German Express Shipping Agency India P Limited”

Professional Summary:

29 Years of Extensive experience in Shipping, Transport and Logistics Sector. Associated in setting up and management of many CFS/ICD in India.

Initial Years in Ship Chartering Transport and Container Transport Business in Delhi.

Education:

FICS – (Qualified Ship Broker) Fellow - Institute of Chartered Shipbrokers London

Graduate in Commerce from Delhi University

Additional Qualification

Regulation 8 Holder under CHA Regulation 2004 of Customs Act 1962

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---	---	--	---

Ms Sabiha Shaikh
+91 82918 91713

Cochin: Mr Binoy Jose +91 99477 78270	Kolkata: Mr Anjan Roy +91 98748 13382	Pune: Mr Indrajeet Patil +91 91676 64553
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Editor speaks...

No business will ever tolerate loss and nor will it continue in it for long. And Ravee S. Titte, Chief Operating Officer, German Express Shipping Agency (India) Pvt Ltd., rightly observes that the shipping companies are coming out of un-remunerative routes. In fact, it is true of any industry. After recession, the shipping industry has tried many ways to sustain itself and also to recover from the depressive market through various methods. One such is merger and the entire shipping world was watching the merger of three Japanese companies to face the challenges of the market. And Ravee S. Titte points out the merger has not proved very successful.

All analysts have cautioned that the trade war will halt the growth of the global trade but it continues and it looks like it will for some more time.

With IMO 2020 haunting the shipping industry, BP Marine's IMO compliant VLSFO will be welcome especially by those companies that have opted scrubbers.

Berthing first LNG tanker in Kamarajar Port is historically significant. What Captain Srinivasan Sethumadhavan GM at GAC's Chennai office has

said is true; the trade dynamics will undergo a change on the east coast of India with rich prospects for LNG marketing.

The two-day conference on air pollution which has brought together Birmingham University and Indian Institute of Technology, Delhi has come out with very revealing resolves: air pollution must be considered as a natural disaster suggesting the urgency with which the issue must be dealt with at multi-levels and, much more importantly, another recommendation is access to clean air must be the basic human right. These two insightful recommendations, we believe and expect, will be understood by the authorities and they will take appropriate initiatives to accomplish them. Human lives are at risk.

It is unfortunate that Chennai connectivity port project faces hurdle after hurdle. Fishermen gave in and now it is the turn of the residents to put roadblock for the project. But of course, of the two hurdles, the first one is quite serious and the second one can be overcome by the government without much difficulty, one feels.

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

Shipping companies are coming out... From Page -1

The mergers of Shipping Companies may help the industry to stabilize and help the trade in the long run. But in the interim period it causes anxious moments to the industry. Many companies are not able to recover the money they have invested. In Brief the Industry has not come out of the problem.

The big shipping companies are going in for massive restructuring of their assets. Wherever possible they are collaborating with other companies for sharing their assets and routes. Shipping companies are coming out of un-remunerative routes.

If some routes and sectors not profitable, they are coming out of those to avoid losses.

Last year saw a Classic example of how three big Shipping Giants originating out of Japan opted for merger. The merger took place sometime in January 2018. The protagonists of merger thought 1+1+1=3.

Unfortunately the arithmetic of merger did not work to their advantage.



Kawasaki Kisen Kaisha Ltd. President Eizo Murakami (left), Mitsui O.S.K. Lines Ltd. President Junichiro Ikeda (center) and Nippon Yusen KK President Tadaaki Naito join hands after announcing in Tokyo on 2, November 2016, that they will merge their container operations.

The merged entity One Line suffered huge losses.

There are also reports in the market that some small shipping companies operating out of other countries may opt to merge with a larger company.

With all these developments, one shipping company that is expected to do very well is the

Chinese government owned company COSCO. The company gets lot of support from its Government. Though I do not know how many vessels the company owns, they are aggressive in the market and especially to Indian Sector.

So the industry is witnessing something good and bad.



US-China trade war will affect shipping industry as a whole

But the market is bound to improve in the coming years and the shippers are going to be benefitted. The Freight is not going to increase any time soon and one will get the end consumer products at competitive prices. We have not seen freight increase during the last couple of years and only seen reduction.

Units are being sent from Indian ports to the far-east, and much lower or negative rates at times. This has been the trend for the last few years. This is because there is no return cargo from India bound for far-east. Cargo available here has not been commensurate with the imports from those countries.

The threat of the trade war between United States and China is political but its impact may have a catastrophic impact on the shipping industry as a whole.

While America is a big consumer of goods, China is the biggest producer of products. Both are equally strong. So any change in the tariff regulations or any disruptions in trade between these countries will have a cascading effect on the shipping industry. Both the countries have become nearly inter dependent.

(To be continued...)

Fire in Panipat IOC refinery kills one

NEW DELHI
Sagar Sandesh News Service

One worker was killed and two others sustained serious burn injuries following a major fire at the Indian Oil Corp's Panipat refinery in Haryana, police said on Sunday, 17 March '19.

The fire started on Saturday night. Fire tenders were rushed to control the flames in the refinery belonging to the Indian Oil Corporation Ltd (IOCL).

The 22-year-old victim, Mohan Lal, who hailed from Sonipat district and was engaged by a contractor of the refinery, was trapped in the vacuum distillation unit.

The injured were rushed to a nearby hospital, officials said.

Sources said the incident took place when unit was being tested on Saturday night after an earlier shutdown.

Gas began to leak during the testing, leading to a fire. Mohan Lal and another worker, Deepak, received serious burn injuries as they were trapped in the unit. Their supervisor, M S Kherkar, was also injured in the incident.

An internal probe has been ordered to ascertain the cause of fire.

This is not the first incident at the refinery in the recent past. Two people died on January 22, 2018, following a fire at the catalyst storage site of the refinery.

The Panipat refinery is IOCL's technically most



The Panipat refinery is IOCL's technically most advanced public sector unit

advanced public sector unit. It is spread in an area of around 4,222 acres and consists of a refinery and petrochemical complex.

It caters to the demand of petroleum products in Haryana, Punjab, Jammu and Kashmir, Himachal Pradesh, Chandigarh, Uttarakhand, and parts of Rajasthan, Uttar Pradesh and Delhi.

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Mumbai Office
217, Secands Road, Unique Industrial Estate, off Veer Savarkar Marg,
Bombay Dyeing Compound, Prabhadevi, Mumbai - 400025
Ph: 022 - 24211583 / 24210193. Fax: 022 - 2421 2149

Chennai Office
No.6, Ground Floor, Nungambakkam First Lane (Opp. Regional Office, Indian Oil Corporation), Nungambakkam High Road, Chennai - 600 034
Ph: 044-42664408 / Mob: +91 72000 84866

Admin. Office
21 "LAKSHMI", Sathya Sai Nagar, Madurai-625 003. Ph : 0452 437 8300 / +91 72000 84864

EDITOR & PUBLISHER : **Dr R Lakshmipathy**
EXECUTIVE EDITOR : **Dr G.R. Balakrishnan**, M.A Phd.,
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The CFS managements have to look for alternative business models and quickly adopt them: RST



Ravee S Tiitei,
Chief Operating Officer,
German Express Shipping Agency
India P Limited.

(Interview Continued)

Sagar Sandesh: Industry has invested considerable funds in setting up Container Freight Stations (CFS) near various ports of the country. This has helped to minimize congestion in the ports in the past. What has been the impact on Container Freight Stations with the introduction of Direct Port Delivery of Imports (DPD) and Direct Port Entry of Exports (DPE) by passing the CFS?

Ravee S Tiitei: The Container Freight Stations (CFS) were set up at the instance of the government to help the logistics industry to decongest the ports. The CFS became the prime vehicle for decongesting ports for the past several years.

In Chennai port alone, about 35 container freight stations have sprung up in the last twenty years. Industry has invested in excess of five to six thousand Crores rupees on setting up the infrastructure around Chennai and Ennore ports. They provide employment to about 20,000 skilled and unskilled workers.

Changes that have been brought about in clearance procedures in the ports like DPD and DPE has been due to policy changes initiated by the government. The government of India wanted to benchmark our logistics standing to Global Standards.

The International Organizations, which studied the issues concerning our logistics, found out that there were large delays in

clearance of goods at Indian Ports and problems in last mile connectivity.

To facilitate the trade in speedy clearance of goods, Government introduced systems that are in vogue in neighboring countries. To tackle the delays in clearance from ports, they suggested the concept of Direct Port Delivery of Imports and Direct Port Entry of Exports thus avoiding Container Freight Stations.

The concept is good but the study made by the international agencies missed out several key issues on the ground. They did not go into issues as to why there were delays in clearance of cargo in ports. What is causing the delay in the ports was not studied in depth by these agencies.

The Container Freight Stations are used by the trade to park their containers and in Indian ports they are used as storage spots. Some shippers use it as Warehousing space. All these aspects were not considered in detail.



Govt introduced DPD to decongest ports

Their study also took into consideration of the Additional Costs the Shippers have to bear by taking the goods to CFS before it reached the final destination.

SS: The Direct Port Delivery and Direct Port Entry system has been in vogue in several Indian ports for more than one year. What has been the impact on Container Freight Stations in terms of turn-over and income because of the introduction of this system?

RST: In Chennai port lot of companies were given Green Channel clearance by the customs authorities to move their goods directly from the port to the factory premises without Customs Examination. The impact on container freight stations because of this exercise was negligible, initially.

But because of the thrust given by the government of India to implement DPD and DPE in a big way, the Government initiated Trade Shows to educate the trade on DPD and DPE. These moves have seriously impacted the finances of the CFS, with the quantum of imports from Chennai port through CFS going down.



CFSs have started handling EXIM empty containers as an alternative business model.

The drop in imports has seriously affected some of the CFSs that have been operating the infrastructure using bank borrowings. They are finding it difficult to manage the situation as the revenues have suddenly plummeted by 20 per cent. If this trend continues it is going to be difficult times for the CFS all over the country.

The container freight station industry has approached the government to permit them to use the CFS for handling Domestic cargo also which are non-bonded.

The government is studying that aspect but it may take some time to fructify.

SS: In the light of difficulties faced by the CFSs, are they planning to change their business model to remain in business?

RST: The CFS has to move into Warehousing business as there are immense opportunities in the field. Consumption of goods is not going to decrease in India. It is increasing by the day. Goods coming into India from various parts of the globe will definitely increase. The CFS managements have to look for alternative business models and quickly adopt them. They have already started doing that.

CFSs have started handling EXIM empty containers

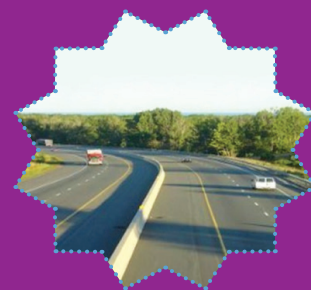
(To be continued...)

SHIPPING - 4



Inland waterways in both Nepal and ...

LOGISTICS - 7



Another development project in TN ...

EXIM - 9



Venezuela suspends oil exports to India ..

PORT - 10



Drewry: Global Container Port ...

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SHIPPING - 4

First autonomous vessel trials held on ...



LOGISTICS - 8

Navy brings cheers to the residents of Kerala



EXIM - 9

Five varieties of Indian coffee get Commerce ...



PORT - 10

Adani first Indian port operator to record ...

Coastal movement is bound to improve with the introduction of Goods and Service tax: RST



Ravee S Titte,
Chief Operating Officer,
German Express Shipping Agency,
India P Limited.

(Interview Continued)

Sagar Sandesh: Out of 15 million TEUs handled by the major ports of the country, hardly two million TEUs are handled by the East Coast Ports of Chennai, Ennore and VOC Port, Tuticorin. The rest of the Containers are handled at JNPT in Maharashtra and Mundra in Gujarat. Container terminals in the East Coast are working at less than fifty per cent of their capacity. What are the steps to be taken by the Ports in the region, government of India and the trade to reverse this trend and ensure East Coast ports improve their performance?



Freight train, the facility not available to South East Coast ports

Ravee S Titte: This is a vast subject discussed at various Maritime Seminars. North India and especially the National Capital Region (NCR) is a big consumption area and connected to JNPT and Mundra by Dedicated Railway Network Corridors. Such facilities are not available to the ports on the South East Coast.

Fifty per cent of the 4.5 lakh TEUs handled at JNPT's four container terminals go the North India including the NCR. There are a number of Freight Trains between JNPT and North India on a daily- basis. Similarly there are a number of freight trains between Gujarat Ports and North India.

Nearly Thirty per cent of the Container Volumes handled in Indian ports during January to December 2018 was through the JNPT followed by 28 per cent in Mundra Port.

Chennai, Katupalli and Kamarajar port Ennore handled 14 per cent of the country's Container Throughput. The VOC port in Tuticorin near the land's end accounted for four per cent of the country's Container Traffic.

Combination of several factors have contributed to the poor showing of East Coast Ports in container traffic. There is no dedicated railway corridor connecting Chennai with Tughlakabad container ICD in the NCR region.

Since the infrastructure in East Coast Ports including the draft is poor, the mainline vessels have opted out and only feeder vessels operate in the segment. These vessels carry the cargo to Singapore, Colombo and some ports in China for onward transmission to other global ports. This meant additional costs for transshipment.

There is however, silver lining for East Coast ports with the picking up of Coastal movement by foreign flag vessels. Currently, the India bound cargo from Singapore moves directly to JNPT and Mundra ports. If the coastal movement picks up thanks to relaxation in cabotage

laws, there will be a possibility of mainline vessels calling at India Ports and feeder vessels feeding from smaller ports. One or two foreign lines are thinking on those lines but the economics have to be worked out. The effort is at a preliminary stage but the economics of operations are found to be profitable.

Coastal movement is bound to improve with the introduction of Goods and Service tax. There is therefore some hope that East coast ports could get some additional container cargo.

The Volume of cargo for ports normally increases due to the facilities created to help transshipment of cargo deep into

the hinterland. JNPT and Mundra ports have the location advantage that cargo handled there is bound to move to North India, the highest consumption center in the country.

Alternatively there should be local industrialization. While industries have grown manifold in Maharashtra and Gujarat in the last ten years the same cannot be said of manufacturing states like Tamil Nadu. Hence there is no quantum jump in the cargo handled at East Coast ports.

Turn to Page - 2 ▶▶

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---	---	--	---

Ms Sabiha Shaikh +91 82918 91713	Ms Soni Lakhera +91 99991 17186
-------------------------------------	------------------------------------

Cochin: Mr Binoy Jose +91 99477 78270	Kolkata: Mr Anjan Roy +91 98748 13382	Pune: Mr Manish Singh +91 95455 32252
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Editor speaks...

Ravee S Titei strikes a hopeful and practical note when he says that the coastal movement is bound to increase with the introduction of Goods and Services Tax and it will result in more cargo movement in East Coast ports. The concerted efforts of the government to promote coastal navigation have given some fillip to the trade.

More and more initiatives taken by the govt prove that trade-friendliness has begun to claim attention, though late from various departments of the government. Customs can be cited as an example for transformation. E-way bill rules have been relaxed now. Hurdles faced by the trade are immediately attended to with an eye for business promotion.

North Sea autonomous vessels trails indicate a bright path of automation and it is only a question of time for automation to come to stay. Technology brings many openings for business innovation. And the trade has to be alert to them and exploit them for its own advantage. Now, the IMO 2020 has caught the immense and immediate attention of the trade: the shipping companies have no option but to use low sulphur fuel or install scrubbers. Alphasliner

views that scrubbers have become a major alternative with the companies and some companies even major shipping companies have opted LNG.

The disturbing ongoing trade war between US on the one hand and other countries like China and India has poses some real challenges that seem to affect even the mutual relations as well. And US sanctions against Iran and Venezuela have thrown many countries like India and Iran into turmoil. As things stand, countries like India cannot choose to openly oppose US leadership. Bilateral trade talks are being undertaken both by US and India and it is hoped that some good encouraging outcome will emerge.

Indian Navy deserves unconditional encomiums for its excellent human service in building houses for the flood affected citizens of Kerala.

It is encouraging and inspiring to see Krishnapatnam port performing consistently to prove itself as a very successful trade-friendly port that has achieved 500,000 TEU mark. Competition as a challenge brings out the best of the port in the fight.

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

Coastal movement is bound to... From Page - 1

SS: Private ports like Katupalli and Krishnapatnam situated in the East coast are doing well despite the lack of adequate rail connectivity. How do these private ports manage to buck the trend? What is that other East coast ports should do to emulate the performance of these private ports?



Kattupalli port's customer friendly approach succeeds

RST: Katupalli and Krishnapatnam ports are able to give better products to the shippers and the end consumers by way of customer friendly approach.

As the ports are situated away from Cities, there are no Logistics bottlenecks and cargo moves in and moves out of the port swiftly and there is no congestion inside and outside the port.

The private ports not governed by the TAMP regulations are able to offer better commercial terms to the vessel operators.

The Two Private Container Terminals operating out of Chennai port the DP World and PSA are governed by TAMP and therefore not able to offer better commercial terms but Katupalli and

Krishnapatnam ports are able to offer better Commercial Terms.

Close to Ten per cent of the containers which were coming to Chennai port, have got diverted to neighboring private ports. This is not a small number and it would be difficult to reverse the trend. Moreover a big Container Operator and Market Leader like Maersk has stopped calling at Chennai port recently and has shifted to a nearby port. Many Container vessels have started the practice of calling at both Chennai and nearby Katupalli private port.

At least two times, a scheduled vessel to Chennai port has called off the voyage at the last minute due to lack of cargo in the port during the last six months.

While exports have picked up in Krishnapatnam port, imports which yield high revenue for ports have not increased. On the export front, Krishnapatnam port managed to secure granite cargo which used to be exported through Chennai Port due to changes in some governmental policies. The agricultural commodities grown in Andhra Pradesh like Tobacco and Chilly have also got shifted to Krishnapatnam from Chennai port.

Aggregation of cargo in East coast ports like the one tried out at Krishnapatnam Port and Transshipment could work out only if the handling is commercially viable. The Logistics will depend on how many mainline vessels will call at the port where cargo gets aggregated and connectivity to various global destinations.

Krishnapatnam port is doing well in marketing the port with both the Global Vessel Operators and the End Users, the Shippers. The Port also offers hefty concessions in vessel handling charges which the other major ports cannot offer.

(To be continued...)

Induction of in LCU L-56 in the Navy



Indian Navy inducted Yard 2097 (LCU L 56), the sixth of the class of LCU MK IV ships, in an induction ceremony at GRSE Kolkata on March 30.

NEW DELHI
Sagar Sandesh News Service

The Navy has taken possession of Landing craft utility LCU-56, the sixth of the class of ships built and delivered by the state owned Garden Reach Shipbuilders and Engineering at a function held at Kolkata on March 30th.

The landing craft Utility is a type of boat used by amphibious forces for the transport of their weaponry. The boats are capable of transporting tracked or wheeled vehicles and troops from amphibious assault ships to beach heads or Piers. The boats are capable of moving in high speeds up to thirty knots.

This is the one hundredth ship delivered by the

Kolkata based public sector firm. The construction of the ship was overseen by Warship Overseas team of the Indian navy based in Kolkata.

Amongst the dignitaries who attended the ceremony held in the shipyard included the Defense Secretary, Vice Admiral BK Verma the C-inC Andaman & Nicobar Command and Vice Admiral MS Pawar, the Deputy Chief of Naval Staff.

Indian Navy's amphibious operations capability including transport of troops, tanks and equipment will get enhanced with the addition of this Landing Craft Utility which will be based at Andaman and Nicobar Islands. The ship is commanded by Lt Cdr Gopinath Narayan and has a compliment of five officers and 50 sailors.

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Mumbai Office
217, Secands Road, Unique Industrial Estate, off Veer Savarkar Marg,
Bombay Dyeing Compound, Prabhadevi, Mumbai - 400025
Ph: 022 - 24211583 / 24210193. Fax: 022 - 2421 2149

Chennai Office
No.6, Ground Floor, Nungambakkam First Lane (Opp. Regional Office, Indian Oil Corporation), Nungambakkam High Road, Chennai - 600 034
Ph: 044-42664408 / Mob: +91 72000 84866

Admin. Office
21 "LAKSHMI", Sathya Sai Nagar, Madurai-625 003. Ph : 0452 437 8300 / +91 72000 84864

EDITOR & PUBLISHER : **Dr R Lakshmipathy**
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SHIPPING - 4



Singapore Will Seek
Prison for ...

LOGISTICS - 7



Tata Steel to have
10% women of ...

EXIM - 9



PM Narendra Modi
awarded UAE's ...

PORT - 10



Kandla and Paradip
emerge as toppers ..

The government can develop infrastructure but ships have to call at the terminal to make it a success: RST



Ravee S Tittei,
Chief Operating Officer,
German Express Shipping Agency,
India P Limited.

(Interview Continued)

Sagar Sandesh: Krishnapatnam port has achieved success in the last two years in aggregation of cargo from other east coast ports and transshipment. Chennai and Tuticorin ports plan to follow suit. But experts feel that ports like Vizhinjam, Colachel or Vallarpadem will be ideal ports for transshipment because of their proximity to international shipping lanes. What is your take on the issue?

Ravee S Tittei: For any port to become a successful transshipment hub, depends on either local industrialization or a deep hinterland with adequate Rail Connectivity where goods could be easily transhipped.



Growth in the business is not as it was projected.

The transshipment activities have started picking up at Vallarpadam Terminal in Kerala but at a very slow pace. The decision to set

up terminals at Colachel and Vizhinjam are political and therefore would not like to comment on it.

The fact of the matter is that the above mentioned transshipment terminals in India are pitted against an established Colombo Port. The Colombo port administration has invested heavily in the container terminals in the last two decades and has earned sufficient return on the investment. The Sri Lankan port can afford to give more concessions and still remain in business.

But the proposed Indian terminals have to invest at least half a billion US dollars on each of these projects. Whether these ports can match the concessions offered by Colombo port remains a big question mark. The moot question is how do the new transshipment terminals compete with established player like Colombo or Singapore ports.

Another big advantage the island nation has is that it has been a Maritime Nation and the government gives lot of support to the Port and Shipping Industry.

India had invested a sum of nearly Rs two thousand crores to set up a Transshipment terminal at Vallarpadem nearly five years ago. Growth in the business is not as it was projected.

For the terminal to pick up traffic, it has to have the support of Vessel Operators. Unless the vessel calls at the terminal in increasing numbers, the terminal will not be a success. The government can develop infrastructure but ships have to call at the terminal to make it a success. This has not happened at Vallarpadem terminal.

SS: Coastal Shipping has not taken off despite various concessions being implemented by the ports and the Shipping Ministry. The coastal ship operators are unable to find end to end Logistics solutions to benefit shippers. They are unable to compete with road transport cost wise. What is the way forward?

RST: The Coastal Shipping is bound to prosper in India now that the industry is given some concessions. The industry has received the concessions now and will take time to take off.

There are certain procedural issues which needed to be sorted out before coastal shipping takes off. The whole Port premises and the Berths are Customs Notified Areas. Cargo handling is done under the supervision of Customs Officials. Clarity on coastal cargo as who is going to monitor their movement is the question yet to be decided.

Coastal shipping is successful in Europe because the cargo is handled at smaller ports.

With the government announcing relaxation of cabotage laws easing restrictions on foreign flag vessels handling

coastal cargo, Coastal Shipping is bound to pick up in the country one hundred per cent. But it may take four to five years to take off in full swing.



With concessions offered to industry, Indian Coastal Shipping is bound to prosper

The Container Corporation of India (CONCOR) has started the Coastal service from Kandla to Tuticorin ports recently. But lot of improvements needs to be done on the land side to make the service a success.

SS: How do you see the growth potential for Chennai port in the light of intense competition from Katupalli, Krishnapatnam and Ennore ports. Four ports are competing for the same cargo in the same hinterland. Is congestion still an issue in Chennai port? Any info on when the work on the much delayed Chennai Port-Maduravoyal Elevated Corridor will resume?



Maduravoyal elevated corridor is likely to be completed in 3-5 years.

RST: There is no congestion in the Chennai port as of now. But there is congestion on the road leading to the port since the EMRIP (Ennore Manali Road Improvement Program) is not yet fully completed. There are still problems at the entrance of the Chennai Port.

Evacuation from the Port has always been a problem due to Gate issues

By the time the Elevated Corridor from Chennai Port to Maduravoyal is completed, say in 3 to 5 years, the container cargo would have shifted substantially from Chennai port to the neighboring ports. The Elevated Corridor project will then may remain under utilised.

(To be continued...)



Sagar 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, April 17, 2019 | Voyage 8 Wave 11



SHIPPING - 4

IMO 2020
Seen
Boosting Oil
Demand



LOGISTICS - 7

We want to
empower
artisans and
bring them ...



EXIM - 9

It's stupid
trade. We
have so much
stupid ...



PORT - 10

Chennai port
to takeover
Kamarajar
port: ...

Once the coastal shipping picks up, one could see an increase in container handling in the East Coast: Ravee S Titte



Ravee S Titte,
Chief Operating Officer,
German Express Shipping Agency,
India P Limited.

(Interview Continued)

Sagar Sandesh: No new major port has come up in the government sector during the last ten years. The Shipping Ministry is however saying it is constructing six new ports in the country including Colachel and Sirkazhi in Tamil Nadu. Even the DPRs for these new port projects have not been completed. What do you think is the hitch?

Ravee S Titte: JNPT in Maharashtra is the only port where all the terminals are working at 90 per cent of their capacity. Mundra port's terminals in Gujarat are also working at 80 per cent of their capacity,

All other Container Terminals in the country especially in the East Coast are working at 40 to 50 per cent of their capacity.

Once the coastal shipping picks up, one could see an increase in container handling in the East Coast. There are possibilities of East Coast ports transshipping cargo for the ports in the West Coast.

SS: India is moving towards attaining a one trillion US dollar economy soon. While trade in the country is picking up, Indian ports have not been able to match with the expectations of the trade. There is some growth in the west coast ports. The turn-over of the all Indian ports put together works out to 75 per cent of the turn-over of Shanghai Port. We are behind China by over one hundred years according to experts. Your take on this.

RST: Out of the twenty top ports in the world, eight ports are in China. India is yet to create a World Class Port. The connectivity both rail and road to the port and from the port to the hinterland has to improve especially in the case of East Coast Ports.



Port of Shanghai, China: The size of 470 football pitches, Shanghai port is said to have enabled China to become the world's largest trading nation. Shanghai's annual import and export trade makes up a quarter of China's foreign trade in value. The port handled over 36.54mn TEUs in 2015. Opened as a treaty port in 1842, since 2003 the port has been managed by Shanghai International Port, which is a majority state-owned firm.

In China, the ports were developed along with the Highways and Inland waterways. The development was simultaneous and that has been the reason for the success achieved by that country.

Summary of the interview of the previous session with Ravee S Titte Chief Operating Officer, German Express Shipping Agency (India) PVT LTD

Shipping Industry

The recession in the shipping industry is likely to continue for one or two years and indications are that the industry has not come out of the woods.

To address the issue of continuing recession in the industry, big shipping companies are going in for massive

restructuring of assets. They are coming out of the sectors which are not profitable. They are also collaborating with smaller companies for sharing their vessels.

Turn to Page - 2 ▶▶

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Ms Sabiha Shaikh +91 82918 91713	Ms Soni Lakhera +91 99991 17186		
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Delivering your strategy.

Editor speaks...

Almost all the experts when asked about the comparative performance of the West and East coast ports, point out one big disadvantage for the East Coast ports: lack of road and rail connectivity for the ports. When the ports of the West Coast perform almost to their capacity, it indicates certain things: possibly, the state governments cared to spend some meaningful time and money, apart from bringing pressure on the Centre, to develop their ports having realized possibly the importance of the ports in the improvement of the economy of the region. This is what the common sense approach finds the answer.

Grabbing the opportunity by the forelock appears to be the cardinal principle of any successful commercial concern. To be alert to the opportunities of business promotion much earlier than the rivals so as to adequately equip themselves to address the needs when they emerge is to be committed to the enterprise to which one is attached. Krishanpatnam port has well illustrated this business doctrine. In domestic transshipment it has recorded an excellent performance. Competition does not tolerate delay or complacency.

Good things do happen though at times only. Attention to much neglected handloom weavers by Tata Trusts and

Microsoft will certainly prove a boon of long standing benefits to them. Again, this joint venture of two great giants from two different fields is very timely as well. The handloom trade is almost on the wane as it cannot stand the massive competition from the machine-driven textiles majors. Design, texture, colour combination to appeal and to attract—in all these features the handloom suffers a serious setback; but, now, with these two majors, these lapses that have been making any venture into handloom commercially unviable, will be competently addressed. We can hope a better stand will be taken by the handloom industry to face the challenges from the powerful efficient rivals. Young talents will be attracted to this sector, an urgent must now.

India's relationship with US does not seem to run smooth despite many discussions between these two countries at top officials' level. The deadline of May 2 for Iranian sanctions and the withdrawal of GSP—these two facts are source of vexation for India; however, now the experts feel that India does not stand to lose even when the GSP is withdrawn by US; because, what was on offer by India is in excess to what India receives in GSP benefits.

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

Unless industrialization...

From Page -1

Mergers have also not helped the situation if one took into account the fate of One Line, merged entity floated last year. Despite three major Japanese shipping companies have merged into a single company, the newly created entity suffered huge losses this year. But a Chinese state owned shipping company COSMOS with aggressive marketing strategy is expected to do well.

So the industry is witnessing something good and bad. The market is however bound to improve in the coming years. The shipping freight is not likely to go up anytime soon. Consequently the consumers all over the world will be the beneficiaries of being able to avail of quality goods at affordable prices. We have not seen freight increase in the last five years and there has only been reduction in rates

Trade War

The impact of the trade war between United States and China will be catastrophic for the shipping industry. While America is a big consumer of goods, China is world's leading manufacturer. So any change in the tariff regulation or any disruption of trade between the two countries will have a cascading impact on the global shipping industry.

Fate of Container Freight Stations after the introduction of DPD of imports and DPE of exports

The government has introduced Direct Port Delivery of Imports and Direct Port Entry of exports in select ports to benchmark our Logistics Standing to Global Standards that are in vogue in the neighborhood ports of Malaysia, Singapore and China.

Though the DPD DPE concepts are good, the study made by the international agencies missed out on key factor: what is causing the delay was not gone into in depth.

The study missed the fact that freight stations are generally used by the trade to park their containers and that Indian ports are used by the manufacturing industry as storage spots. Some shippers use it as warehousing space. The study went by the sole issue that containers took fifteen days to clear out of the port and came out with a knee jerk reaction.

Initially impact of the changes had a minimal impact on the fortunes of Freight stations. But when the Customs Authorities mounted pressure on the shippers and the industry to switch over to the new system, the impact was felt. The quantum of imports handled by the CFS in Chennai Port alone on average plummeted by 20 per cent. If this trend continued, it is going to be difficult times for the CFS

To tide over the situation, the CFS industry has represented to the government to permit them to handle the duty paid goods. If the government conceded the demand, the CFS could assist the shippers by providing Warehousing facility.

Another business opportunity that has opened up for CFS is handling of empty containers of foreign flag vessels. The Shipping liners have become our new customers.

West Coast Versus East Coast Ports-former flourishes while the latter flounders

North India especially the National Capital Region is a big consumption area which is connected to the JNPT and Mundra Ports through Dedicated Railway Corridors for the past several years. Railways have not provided such facilities to the Ports in the South East coast.

Combination of several factors have contributed to the poor showing of the East Coast Ports. There is no dedicated railway corridor linking ports like Chennai and Visakhapatnam to National Capital Region. Container trains from Chennai to Tughlakabad Inland container depot, the largest in the country have to move through existing railway lines shared by the passenger trains. With passenger trains getting precedence in movement over freight traffic, the movement took a long time, sometimes several days for the train to reach Tughlakabad from Chennai.

The mainline vessels have opted out of the East Coast ports since the port infrastructure is poor. The draft is not adequate and hence only feeder vessels operate in this segment (east coast). Feeder vessels carry cargo from the east coast ports to Colombo or Singapore and some ports in China for onward transmission to global ports. This meant additional cost to the shipper, by way of transshipment.

With coastal movement of cargo by foreign flag vessels facilitated by changes in the cabotage laws, there is some silver lining in the horizon for East coast ports. Currently India bound cargo from Singapore goes directly to JNPT or Mundra ports. If the coastal movement of foreign flag vessels pick up, there is possibility of revival of services by mainline vessels to the East coast ports. The feeder vessels will pick up the cargo from east coast ports and transport them to the west coast.

Coastal movement of cargo is bound to improve with the introduction of Goods and Services Tax. There is therefore some hope that east coast ports will get some additional cargo.

Transshipment of cargo helps a Port normally to increase the volumes handled. JNPT and Mundra Ports have location advantage that cargo handled there is bound to move to North India, the highest consumption centre in the country. It is also emerging as manufacturing base of the country.

Alternatively there should be local industrialization. While industries have grown manifold in Maharashtra and Gujarat, the same cannot be said of manufacturing states like Tamil Nadu in recent years.

(To be continued...)

India brings down trade deficit with China by \$10 billion in 2019

NEW DELHI
Sagar Sandesh News Service

India has managed to bring down its trade deficit with China by \$10 billion to \$53 billion in 2018-19 year on year, thanks to efforts by New Delhi

to get greater market access to the latter's markets and take benefit out of the current Washington-Beijing trade war.

Trade deficit occurs when the import of a country exceeds its export.

Sources said India's exports

to China rose to \$17 billion during the year from \$13 billion during 2017-18, while imports declined to \$70 billion from \$76 billion.

India is the seventh largest export destination of China, while China is the fourth largest export destination of India. On the other hand, China is the top import source for India, while the latter is the 25th largest import source for China.

www.porttoport.in



Sagar Sandesh
Maritime Tabloid English Weekly E-Paper

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Mumbai Office
217, Secands Road, Unique Industrial Estate, off Veer Savarkar Marg,
Bombay Dyeing Compound, Prabhadevi, Mumbai - 400025
Ph: 022 - 24211583 / 24210193. Fax: 022 - 2421 2149

Chennai Office
No.6, Ground Floor, Nungambakkam First Lane (Opp. Regional Office, Indian Oil Corporation), Nungambakkam High Road, Chennai - 600 034
Ph: 044-42664408 / Mob: +91 72000 84866

Admin. Office
21 "LAKSHMI", Sathya Sai Nagar, Madurai-625 003. Ph : 0452 437 8300 / +91 72000 84864

EDITOR & PUBLISHER : **Dr R Lakshmipathy**
EXECUTIVE EDITOR : **Dr G.R. Balakrishnan**, M.A Phd.,
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Guiding Spirit to Shipping Industry

Sagor Sandesh

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Unless industrialization picks up in the state, there is not much scope for revival of Chennai port: RST

(Interview Continued)

Sagar Sandesh: What is your take on Sethu Ship canal project? Will revival of the project improve the prospects of coastal shipping in the East Coast? The Supreme Court has not stayed the project and had asked the Shipping Ministry to zero in on an alternative alignment nearly ten years ago. But the NDA government has virtually wound up the project. CONCOR which has stated the Coastal Shipping Services recently is operating them between Kandla and Tuticorin ports. The railway company has decided not to extend the service beyond in Tamil Nadu Coast due to Logistical issues including low draft in the Pamban coast. Your comments.

Ravee S Titte: The ship canal project will not have any bearing on the Coastal shipping activity in the East coast. When you steam 7 or 8 days to reach the east coast say from Singapore, it would take two extra days of steaming while circumnavigating Sri Lanka to reach Tuticorin from Chennai Port. It will not cost much for the shipping companies due to this diversion. The project may not be worthwhile on commercial considerations but much to do on security matter.

SS: Having operated out of Chennai for the past several decades what would be your suggestion to revive Chennai port?

RST: All the dirty cargo which used to be handled at Chennai port in the past has shifted to neighboring ports and nothing could be done to revive them.

Crude and petroleum products are the steady cargo for Chennai port. Nearly ten per cent of the containers handed at the port have since shifted to neighboring ports. The industry expects a shift of some more containerised cargo from the port in the next few years. We will have to wait and watch. Cruise Tourism can be a good boost.

Chennai port has to bank on the rapid industrialization of Tamil Nadu which has not happened during the last fifteen years. Unless industrialization picks up in the state, there is not much scope for revival of Chennai port.



Cruise Ship Silver Discoverer at Chennai port in February 2019.

SS: How is the evacuation problem in Ennore and Katupalli ports since your container freight station is located close to these ports?

RST: The North Port Access road which has been in the drawing board for the past ten years is likely to see work commencing now that the land acquisition issues have been sorted out by the Tamil Nadu government. The state government is also implementing the Outer Ring Road Project which will connect the Ennore port to both Kolkata High ways and Grand Southern Trunk road linking Southern parts of Tamil Nadu.

SS: What are expansion projects of the Container Freight station managed by your company?

RST: The container freight station of our company has been in existence for the past ten years.

Continuation of the Interview Summary

Private ports in the East coast buck the trend

The private ports in the East coast both Katupalli and Krishnapatnam offer better products to the shippers and the end consumer by way of customer friendly approach.

As these private ports are situated away from Metropolitan cities, there are no logistic bottlenecks. Cargo moves in and moves out of the port swiftly since there is no

congestion both inside and outside the port.

The private ports unlike the government owned ones are not governed by TAMP regulations and therefore are able to reduce tariff according to market requirements. This flexibility is denied to government owned ports.

As many as ten per cent of containers which used to come to Chennai port has got diverted to nearby private ports. Ten per cent is not a small number and Chennai port will find it difficult to reverse the trend.

Moreover a big Container Operator and Market Leader Maersk has stopped calling at Chennai port six months ago. It has moved to the nearby Kamarajar port in Ennore where the Adanis own the Container Terminal.

Krishnapatnam port is doing well in marketing their port with both the global vessel operators and the end users-the shippers. The port also offers hefty concessions in vessel handling charges which the government owned ports cannot give.

Whether Ports in the East Coast ideally suited for transshipment business

Aggregation of cargo from other East coast ports and transshipment like the one tried out at Krishnapatnam port could work out only if the handling is commercial viable. The logistics will depend upon how many mainline vessels will call at the Port where the cargo gets aggregated and ship connectivity to various global destinations.

For any port to become a successful transshipment hub depends on either local industrialization or deep hinterland with adequate rail connectivity preferably a dedicated rail corridor through which goods could be transshipped.

The proposed transshipment terminals at Vizhinjam and Kanyakumari are pitted against the



Ravee S Titte,
Chief Operating Officer,
German Express Shipping Agency,
India P Limited.

established Colombo port. Colombo port has earned on the investments it had made on container terminals during the last two decades and can afford to give hefty concessions and still remain in business.

But the new terminals sought to build at the southern tip of the country involves heavy investment. They cannot match the concessions given by either Colombo or Singapore ports.

We have to learn lessons from the failure of Vallarpadem terminal in Kerala where with an investment of Rs 2000 Crores, cargo handling has not gone up. The terminal is handling the same quantum of cargo which the Cochin port was handling before the new set up came. The centre also gave clearance to the terminal to transship EXIM cargo.

For the success of a transshipment terminal it should have the backing of vessel operators. Unless mainline vessels call at the port in increasing numbers, the terminal will not be a success. The government can develop infrastructure but the ships have to drop in to make it a success. This has not happened at Vallarpadem Terminal in Kerala.

Turn to Page - 2 ▶▶

SHIPPING - 4

NOT ON MY WATCH

Sailors' Society Launches "Not On My .."



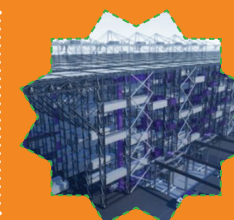
LOGISTICS - 7

Travelport partners with Hong Kong International ...



EXIM - 9

Iron ore exports from Goa will resume ...



PORT - 10

DP World and SMS launch BOXBAY an innovative ...

Editor speaks...

As for the revival of Chennai port, RST has put forward two suggestions: Cruise tourism and industrialization in the state. Of course, it is bound to take time before these two practical suggestions assume reality. Of late, cruise vessels have started calling at Chennai port and great attention must be given to develop this trend. Industrialization can become a reality, sooner or later, with focused coordination among related stakeholders; too massive a thing to be wished for within a short time. Unrelenting competition being rife in the industry, unswerving efforts must be taken to promote and establish cruise tourism as a source of business for Chennai port. It will be done.

Sailors' Society is doing a yeoman service to seafarers and 'Not on My Watch' drives home the crucial significance of wellness training for the seafarers. Depression is said to claim more lives in the present than it was in the past; and the suffering and misery it causes to an individual make hell of daily living. The possibility of falling victims to this monstrous but subtle terror is greater for seafarers since they are far away from their dear ones

for whom in fact they slave all the time. Separation from their families for a long time with challenges on the seas erodes into their very spirit of living. In fact, this wellness training can be given to all prospective employees both on seas and on shore. Proneness to depression appears to be integral to the modern professionalism.

With IMO 2020 just a few months away, the shipping industry seems to have almost moved towards scrubbers to become 2020 compliant.

It is really encouraging to see some real good things happen to and in India. Despite global headwinds, Indian export seems to have performed well, as FIEO President explains and applauds. StartupBlink records appreciation for India in promoting startups; India comes to 17 rank, arrived after assessment of 1000 cities in 100 countries.

The story of India does not stop there with the bright side. US refuses to extend sanction waiver to India pushing it in a tough situation. Analysts are confident that India will emerge unscathed with support from other friendly nations.

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

Unless industrialization picks up.. From Page -1

Why coastal shipping has not succeeded in India?

Coastal shipping is bound to pick up in India one hundred per cent but it would take four or five years to take off in full swing. With the government announcing relaxation in Cabotage laws to permit foreign flag vessels to handle coastal cargo, coastal shipping is bound to prosper.

There are some procedural issues that need to be sorted out during the interregnum. The whole port area and its berths are Customs notified areas. Cargo handling is done under the watchful eyes of the customs authorities. What will happen to coastal cargo and which agency will monitor their movement is the question yet to be resolved. How EXIM and coastal cargo handling inside a Port could be segregated is another vital question that needs to be sorted out.

Though coastal shipping is a good concept, host of issues concerning customs, immigration, handling of foreign vessels and Pilotage needs to be sorted out. Coastal shipping has achieved success in Europe because the cargo is handled at small exclusive ports for the cargo.

Growth Potential of Chennai Port facing intense competition from private ports in the vicinity

There is no congestion in the Chennai port as of now. But shippers face congestion on the road leading to the Port since the EMRIP (Ennore Manali Road Improvement Program) project conceived ten years ago is yet to be fully commissioned. There are still problems at the Port entrance due to encroachments by the fishermen.

Evacuation of cargo from the Chennai port has always been a problem since the port has a lone entrance and exit gate. By the time the Elevated Corridor from the port to Maduravoyal is completed the container cargo would have shifted to nearby ports. Had this project been completed on time there would not have been any diversion of container traffic from Chennai port at all. Chennai would have retained the premier status in container handling in the east coast.

Why no new port project has taken off in the last five years?

The container terminals in JNPT in Maharashtra and Mundra Port in Gujarat are working to 80 to 90 per cent of their capacity. All other container terminals in the country especially in the East coast are working to 30 to 35 per cent of the capacity. There is therefore no chance of a Greenfield port coming up in the East Coast. Chances are there for a new port in the West Coast.

Once the coastal shipping picks up in the country there are possibilities of east coast ports transshipping cargo to west coast ports.

Indian ports unable to keep pace with country's economic growth

Out of twenty top ports in the world, eight ports are in China and India is yet to have one as yet. The rail connectivity to east coast ports to hinterland in northern India have to improve drastically including the construction of dedicated freight corridor.

In China the ports were developed along with rail and road connectivity besides developing a network of canals for inland transport.

Curtain Raiser - Naval Commanders' Conference 2019

NEW DELHI
Sagar Sandesh News Service

The first edition of Naval Commanders' Conference of 2019 is scheduled at New Delhi from 23 to 25 April 2019.

The conference is the apex forum within the Service for interaction between the Naval Commanders.

The Chief of the Naval Staff, with the Commanders-in-Chief, will review major operational, materiel, logistics, HR, training and administrative activities undertaken during the previous six months and deliberate upon the course to be steered in the ensuing six months.

The Conference assumes greater significance in the backdrop of Pulwama associated events that have brought country's defence under sharper focus and will provide the higher naval leadership a forum to discuss the emerging challenges in the maritime domain and fine tune the strategies for responding

to the evolving geo-strategic environment.

The Hon'ble Raksha Mantri is scheduled to address the Naval Commanders on the opening day and interact with them. The conference also serves as a platform for institutionalised interaction of Naval Commanders with senior Government Officials.

Interaction with Chiefs of Indian Army and Indian Air Force during the conference would be utilised to analyse the operational environment, deliberate on Tri-Service synergy and readiness to deter and neutralise threats aimed at the country's sovereignty and territorial integrity.

The themes of 'Functional Reorganisation of Indian Navy towards improving Operational Efficiency' and 'Optimal Manning' will form the core of discussions towards finalising long term road map for the IN.

Discussions are planned on acquisition of new capabilities, harnessing niche technologies



Raksha Mantri
Nirmala Sitharaman

like 'Big Data Analytics' and 'Artificial Intelligence' for solutions in the domains of naval combat, convergence of networks/ information, logistics, administration and equipment health monitoring for sustained operations.

In keeping with the expectation of IN being the Net Security Provider in the IOR and first responder to any crisis, the forum will also deliberate upon the lessons learnt from the recently concluded HADR operations by the IN and various other maritime security initiatives such as the IFC-IOR.

www.porttoport.in

Sagar Sandesh

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Mumbai Office

217, Secands Road, Unique Industrial Estate, off Veer Savarkar Marg, Bombay Dyeing Compound, Prabhadevi, Mumbai - 400025
Ph: 022 - 24211583 / 24210193. Fax: 022 - 2421 2149

Chennai Office

No.6, Ground Floor, Nungambakkam First Lane (Opp. Regional Office, Indian Oil Corporation), Nungambakkam High Road, Chennai - 600 034
Ph: 044-42664408 / Mob: +91 72000 84866

Admin. Office

21 "LAKSHMI", Sathya Sai Nagar, Madurai-625 003. Ph : 0452 437 8300 / +91 72000 84864

EDITOR & PUBLISHER	: Dr R Lakshmipathy
EXECUTIVE EDITOR	: Dr G.R. Balakrishnan, M.A Phd.,
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