



Guiding Spirit to Shipping Industry

# Sagar Sandesh

Maritime Tabloid English Weekly E-Paper

In association with R L Institute of Nautical Sciences, Madurai, Tamil Nadu. | RNI No. TNENG/2012/41759 | Wednesday, June 19, 2019 | Voyage 8 Wave 20

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been ...

## Tuticorin port has the potential to become another JNPT on the East coast if only the infrastructure and connectivity are improved by the Shipping Ministry: Eric Lavenu

*Interview with Mr Eric Lavenu CEO Dakshin Bharat Gateway terminal VOC Port Tuticorin*

**Sagar Sandesh:** Dakshin Bharat Gateway terminal is poised to play a major role in VOC Port Tuticorin goal of reaching one million TEUs per year during the current financial year 2019-20. What is your action plans to increase the volumes handled from the terminal? Your capacity is around Seven lakh TEUs but you have handled 3.5 lakh TEUs during the last financial year.

**Mr Eric Lavenu:** The terminal is currently handling 55,000 TEUs a month since January 2019. This year we plan to handle 6.6 lakh TEUS as against 3.86 lakh TEUS during the last financial year. The volumes can be increased further but we are facing constraints in the length of the berth where the terminal is situated.

The berth assigned to us is triangle shaped with 345 meters length where the old construction meets the new construction. We cannot Operate a Quay-crane because of space constraint. The berth also does not have adequate strength. Though 345 meters is assigned to us, Operational area is limited to 300 meters. The average operational size of the vessel we handle has 160 meters length. With the space constraint in the berth, we cannot handle two vessels at a time and are being forced to operate on one by one basis.

If the 45 meter loss in the length of our berth is compensated by the port administration, we can operate two vessels simultaneously, increase the productivity and free some space for additional services.

Besides the terminal has a yard capacity 8000 TEUs and at any given time there are hardly 3000 TEUs waiting in the yard for clearance. So storage space is also not a problem in the terminal.

If the port administration concedes our request for allotting 45 meters of additional space from the nearby berth number nine, the terminal could increase volumes considerably and contribute to achieving the port's target to reach one million TEUS during the current financial year.

**SS:** The Container Terminals in the East Coast are handling on an average



**Mr Eric Lavenu CEO Dakshin Bharat Gateway terminal VOC Port Tuticorin**

fifty per cent of their capacity while your counterparts in the West coast especially JNPT, Mundra and Kandla are performing more than one hundred of their capacity. What should be done to improve the performance of the terminals in the East coast?

**Mr Eric:** The government is concentrating on the infrastructure development of the ports in the West Coast but even sanctioned projects in the Union budget are not being taken up in the Ports situated on the East Coast. ***If the infrastructure and connectivity are not improved at VOC Port at Tuticorin, it will soon be in for bad times.***

The port should be declared a Transshipment Hub without further delay if it has to face competition from the well entrenched Colombo port. During the recent interaction the Tuticorin port administration had with the liner industry in Mumbai, they expressed their interest in reviving their calls at the port even though the port charges are high. The Liner industry was however insisting on the port developing its infrastructure to receive modern container vessels.

Besides being close to International Shipping lanes, Tuticorin port is sheltered on both sides by land so that no natural disaster can affect cargo handling. Neither the 2004 Tsunami nor the frequent cyclones associated with the North East Monsoon has affected cargo handling in the port.

On the other hand even a small drizzle

can hamper cargo handling operations in Colombo or Vizhinjam ports as they are located on the Open Sea. Tuticorin on the other hand is an all-weather port but the tariff needs to be moderated.

Once the infra in Tuticorin Port is developed to modern standards, the liners will not look at Colombo port since the ninety per cent of the origin and destination of the cargo currently handled at Colombo belongs to India.

Once the transshipment operations of the Indian cargo gets shifted to Tuticorin port, the EXIM trade and the shippers need not pay transshipment charges in foreign exchange. Due to reduction in transportation and logistics cost, the country's exports will become competitive. It is a win-win situation for both the Port as well as the Trade.

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## Editor speaks...

Mr Ericlavenu strikes a right as well as a warning note that VOC Port will be in bad times if infra and connectivity is not improved. In the long list of priorities any Ministry will have - whether the priorities list is genuine in terms of national progress or influenced by outweighing political considerations, it is not our concern to discuss here - VOC Port and its promotion must at least occupy in the first three or five places. And there is a general feeling down south that ports on the West Coast receive better attention from the government and not the ports on the east coast.

The Colombo port's major source of revenue is what the VOC Port might have garnered if it had been a performing transshipment hub or port. The concerns of the industry certainly must have reached the relevant authorities and let us hope a new chapter will be written soon in relation to ports on the East Coast.

The global concern now is the attacks on oil tankers in Persian Gulf. Mutual mud-slinging is a most unfortunate phenomenon that pervades almost all human activities, be they political or personal, be they by small people or so called big shots. The ultimate sufferers will be people who are not aware of what is actually happening across the globe;

even if one is aware of all the wrangling international relation experiences, he or she is powerless to have a say in the matter. Democracy is what democracy does.

In the 5th meeting of General Council of NITI Aayog Prime Minister Narendra Modi has underscored the most crucial issues; India must become a 5 trillion dollar economy by 2024. And very briefly, he has said that his government is for governance system that is marked by Performance, Transparency and Delivery. Nothing can be simpler and nobler; simpler in language and nobler in consideration for the welfare of all. You say what you do and you do openly with no hidden motive and benefits reach every citizen of the country. From the bottom of the pyramid, the focus on welfare begins. Rare to come across such a high authority and rarest it will be if what is promised is delivered to every citizen of the country.

Of course, all analysts voice forth the singular idea that India stands to benefit if only it uses the opportunities that come on the way because of US-China Trade War and it seems with the facts of increase in exports to these countries that India knows how to act and when to act.

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

## Tuticorin port has the potential to ...

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To sum up Colombo Port is thriving because Tuticorin Port has little infrastructure. Tuticorin port has the potential to become another JNPT on the East coast if only the infrastructure and connectivity are improved by the Shipping Ministry.

**SS:** What is the need of the hour in terms of toning up the infrastructure in the Port?

**Mr Eric:** The Port immediately needs a straight line berth of minimum 800 meters length to start with so that mainline vessels will consider calling at the port. The draft at the berth should be at least 16.5 meters while at the entrance channel it should be one meter deeper than at the berth. If such a straight line berth is made available by the port both mainline and feeder vessels can be handled simultaneously to facilitate Transshipment.

**SS:** The major component of the trade at Tuticorin port exports and imports have not picked up despite the port catering to a manufacturing state like Tamil Nadu and has been functioning for nearly forty years. What do you attribute this trend to?

**Mr Eric:** The port is situated between Chennai and Cochin. We are in the middle. The port has inadequate rail connectivity to manufacturing centers like Coimbatore, Karur and Bengaluru. A primitive single railway line exists between Tuticorin and rest of the country for a major port in operation for nearly forty years. Consequent eighty per cent of the evacuation of cargo from the port is done through roads.

**SS:** What are the expansion plans of your terminal in terms of cargo handling infrastructure? While your competitor has got bogged down to court battle, Dakshin Bharat Gateway terminal has been doing exceedingly well in adding volumes especially during the last few months. Currently the terminal is handling 55,000 TEUs a month. The proposed third terminal is yet to take off and in this

context can you spell out your expansion plans in terms of volumes?

**Mr Eric:** The Terminal has been working on full swing for the past one and half years. We are improving the quality of service. We have developed a booking platform to streamline booking system for containers.

On the productivity front the performance of our cranes are among the best in the country. The average move of a crane per hour at our terminal is +/- 33. The average move of cranes operating in Indian container terminals including JNPT is around 28 per hour.

A feeder vessel carrying 1 500 units / 2 400 Teus, gets cleared from our terminal at Tuticorin in 16 hours while the same parcel load takes 24 to 34 hours to complete discharge or loading from Colombo Port.

**SS:** Do you think that the Inner Harbor of the Tuticorin port has the where with all to take up expansion projects like increase in draft, in length of berths or whether the time has come to implement the Outer harbor project already sanctioned in 2014 Union Budget?

**Mr Eric:** The best solution which will give instant result is to improve the existing infrastructure facility at the Port. But the work on it must start immediately or as soon as possible. Outer harbor will take at least five to eight years to be implemented.

Since no port has got established in the region to compete with Colombo, the Sri Lankan port is surviving and prospering. Tuticorin port will have a bright future if the infrastructure is developed on a war footing.

If the Tuticorin Port fails, Colombo will continue to prosper or some transshipment cargo may even shift to Krishnapatnam port.

(To be continued...)

## BUDGET EXPECTATIONS

Our Finance Minister Mrs. Nirmala Sitharaman is going to present her maiden budget on 5.7.19. Like everyone, the stakeholders of maritime industry also have expectations from the finance minister in favour of shipping and logistics industry.

“Sagar Sandesh”, in its forth coming issues, will publish their expectations under an exclusive column with their photographs.

We will be grateful to you for your valuable suggestions / expectations / appeal to our Finance Minister and the same can be shared with Sagar Sandesh through our mail id [admin@porttoport.in](mailto:admin@porttoport.in) or whatsapp (+91 9994885497)

Please don't fail to send your photographs.

- SAGAR SANDESH

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## SHIPPING - 4



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## EXIM - 9



Introduction of manual checks in ...

## PORT - 10



Mock drill on tsunami conducted..

## Doing nothing or dragging feet will promote Sri Lankan Ports: Eric Lavenue

(Interview Continued)

**Sagor Sandesh:** The VOC Port Tuticorin Administration has recently announced their intention to set up a Transshipment and Logistics Hub. What are the steps the port administration has taken to make these conceived projects a success? Krishnapatnam port has made a huge success in transshipment business during the last two years and the port is currently handling five lakh TEUs a year by way of transshipment. Can the Krishnapatnam business model be emulated by the Tuticorin Port?

**Eric:** If the Tuticorin port develops a Transshipment hub and when mainline vessels revive their calls to the port, all the East coast ports will shift their transshipment business from Colombo to Tuticorin. For the mainline vessels to reach Krishnapatnam Port, would involve five days of additional sailing.

Tuticorin port is located close to the international shipping lanes both to the East and the West and is an all-weather port unlike Colombo where a minor drizzle can halt cargo handling operations. Every mainline vessel will prefer Tuticorin since it does not involve additional sailing time from the international shipping lane.

If Krishnapatnam Port has succeeded in transshipment business, Tuticorin port could do a quantum jump provided the infrastructure and connectivity are provided. We do not consider Krishnapatnam as our competitor but Colombo and Vizhinjam port under construction are our potential trade rivals.

**SS:** After the exit of mainline vessels from Tuticorin Port nearly fifteen years ago on grounds of lack of infra, the port has remained a feeder Port depending upon Colombo port for traffic movement. Now that a mainline vessel has revived its call at the port, do you see the possibility of more mainline vessels coming to the Port? If that is to be achieved, the steps



Mr Eric Lavenue CEO DBGT VOC Port Tuticorin

the port administration should take in near and long term?

**Eric:** Instead of being trade friendly to promote business, Tuticorin is the only port in the country which has different rates and free time in the two terminals operating from here.

I had worked in many African Ports before coming to Tuticorin. Some Ports are having 5 or 6 six terminals with various Terminal Operators, but the tariff and free time are the same in all the terminals. The terminals only compete on the basis of quality of service provided to the trade. The same is the case with the three or four terminals functioning in the Indian port of JNPT.

The Tariff Authority for Ports (TAMP) and the port administration (VOCPT) to work closely and quickly agree for a single tariff applicable for the two existing Terminals and the one coming.

Even after the recent announcement by the port administration to reduce Vessel Related Charges for mainline vessels, the rates are still three or four times more than what is being charged at Colombo Port.

Since Tuticorin port other location advantages, like being an all-weather port there is no need to match vessel related charges levied by Colombo but Port could reduce the rates marginally to attract main line vessels.

For Mainline vessels, the Colombo call to drop India

bound cargo is an additional call and unwanted expense. If infrastructure is developed they will come to Tuticorin and drop the Indian cargo. The transit time will be less and trade need not pay transshipment charges in foreign exchange. India's exports will become competitive.

**SS:** With the steps taken by the Shipping Ministry to increase the transshipment business by setting up terminals in Vallarpadem, Vizhinjam, Colachel and possible stepping up of investment in Tuticorin, Colombo port administration has recently announced its intention to graduate itself as a global hub on the lines of Singapore port. It does not want to remain as a Regional hub and give up dependence on Indian cargo. They have also taken steps to expand the Colombo port for setting up the massive East Terminal. How do you think things would play out in near and long term?

**Eric:** All the three terminals developed in India will have enough volumes. The terminals at Colombo port have length of three kilometers at a stretch. The port has the unique advantage of being able to handle as many as thirty vessels at a time. At least five big vessels can be berthed simultaneously. But eighty per cent of the cargo is of either Indian origin or India bound.

The Container terminals India is building should have a minimum length of one

thousand Meters. If that is done all the three terminals will have adequate cargo and Colombo port's volumes will come down drastically.

**SS:** Current length of the terminals at the VOC Port, Tuticorin prove to be an obstacle for transshipment operations. The length of PSA SICAL terminal is 370 meters while that of Dakshin Bharat Gateway Terminal is 345meters. The lengths are not adequate for multiple handling of vessels, a must for transshipment operations. Has the Port administration any plans to increase the length of the existing berth or create longer berths when they go in for expansion?

**Eric:** The Tuticorin port has two container terminals and their lengths and draft don't allow the handling of Post-Panamax Vessels. The plans to increase the length of existing berth could be the conversion of berth 9 as a container berth, making berths 8 + 9 a 680 meters quay length, where one main line vessel and 2 feeders could be handled simultaneously, but maybe Port Administration is having other plans.

**SS:** Indian ports are not close to international shipping lanes unlike Colombo or Hambantota in Sri Lanka. The distance may be less in the case of Tuticorin, Colachel or Vizhinjam where Greenfield port projects are not taking off even after a five year effort. Can the string of three container terminals in Vallarpadem, Vizhinjam and Colachel besides Tuticorin take on the might of established players like Colombo Port? Whether the battle will end as one between David and Goliath? Your take on the subject.

**Eric:** We need not worry about the developments in the Port sector in Sri Lanka provided the shipping ministry takes steps to build infrastructure and connectivity to the ports in the South Eastern board including Tuticorin. Once this is done, the traffic to Colombo will get automatically restricted. Ministry of Shipping to move forward quickly, the main reason why the Indian cargo is handled at Colombo is due to the deficient or poor infrastructure of the Indian Ports. Doing nothing or dragging feet will promote Sri Lankan Ports.

(To be continued...)





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## SHIPPING - 4



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Trade  
officials of  
India and  
US will ...

## PORT - 10



India will get  
only 34 per  
cent of the  
stakes in ...

## We need action and not mere announcement: Mr Eric Lavenu



Mr Eric Lavenu CEO DBGT VOC Port Tuticorin

## (Interview Continued)

**Sagar Sandesh:** Connectivity seems to be a major issue for the Tuticorin port since geographically it is situated near the land's end while the market and the manufacturing centers are in the distant north, thousands of kilometers away from the Port. The Major port which is in existence for the past forty years still has a primitive single railway line connecting it with the rest of the country. CONCOR has little or no presence in the port. Eighty per cent of the traffic from the port moves by road. Even the road connectivity between Dindigul and Coimbatore is a primitive two lane highway.

**Eric Lavenu:** The Port needs a full-fledged transshipment hub and dedicated railway corridors for freight traffic connecting to Coimbatore, Bengaluru, Chennai and to North India especially Hyderabad and Nagpur. Once the hub comes up, its needs an uninterrupted rail connectivity to the hinterland in north India for evacuation of cargo.

We have a curious situation of two ports in the West Coast, JNPT and Mundra, which enjoys excellent rail connectivity to Northern India catering to cargo requirements of 80 per cent of the country.

Another set of eight to ten ports in Southern India caters to the rest 20 per cent of the hinterland. This chronic imbalance which has developed over the years needs to be corrected forthwith by taking steps to build transshipment hubs and dedicated railway corridors. The transshipment hubs will increase handling of containers

from the current fifty to seventy or eighty per cent of the capacity of the terminals operating in East coast ports.

Because of the poor rail connectivity to the Tuticorin Port, Cargo from Coimbatore, Madurai, Dindigul, Sivakasi, Kovilpatti moves to Chennai by road and are being moved to Colombo by feeder vessels. The feeder services available at Tuticorin are not availed by the trade due to poor rail connectivity to the port. This is yet another example of poor Logistics in the country which adds to the transportation cost.

The two lane road between Dindigul and Coimbatore is being expanded to four lanes. Work on Doubling of railway track with electrification between Tuticorin and Madurai is on and is expected to be completed in a year or two. The doubling of railway tracks is being extended to Kanniyakumari and Tiruvananthapuram in the second phase.

**SS:** Tuticorin port administration has recently announced several concessions to the port users as well as shipping lines in a bid to increase volumes. Whether these concessions will give boost to increase volumes?

**ERIC:** Concessions have been announced for the main line vessels which are bigger in length. However, no infra is currently available to accommodate such vessels in Tuticorin. Main line vessels for Europe running require more than 365 upto 400 m LOA.

While the Port administration has announced concessions in vessel related charges to bigger vessels beyond 30,000 GRT, they have also proposed 30 to 40

percent hike for feeder vessels. This move will kill the existing volumes and is not a right thing to do at the current situation.

Nearly Ninety per cent of the volumes generated by the Tuticorin port are through feeder vessels operating between the port and Colombo on a daily basis. Eighty per cent of them are EXIM cargo and the rest are coastal. If there is a hike in VRC for feeder vessels, the feeder vessels may restrict the sailings from Tuticorin to Colombo from 7 to 5 calls a week. They may even consider levying surcharge to cover their costs. The Port will then become expensive for the trade.

The proposed hike for feeder vessels by the port may not be a right decision since the loss of business because of the hike may not be compensated by the mainline vessels. The volumes may get shifted to Chennai and Cochin.

Summing up the interview he said the existing infra in the port should be developed at the earliest. We need action and not mere announcement. Tuticorin port's future should be decided forthwith as otherwise the port's existing cargo will be pulled out by neighboring ports including Colombo.

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