

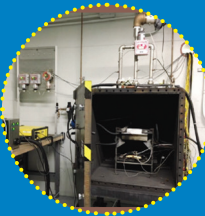


Guiding Spirit to Shipping Industry

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, January 15, 2020 | Voyage 8 Wave 50



SHIPPING - 5

DNV GL releases report on battery.....



LOGISTICS - 8

GAC India handles massive project



EXIM - 9

New 2022 Edition of the Harmonized System



PORT - 10

In a First in India JNPT Achieves New

The industry is stable and will remain the same in the foreseeable future say for ten years: Mr Deepak Ramaswamy, MD, International Clearing and Shipping Agency (India) Pvt. Ltd



MR. DEEPAK RAMASWAMY, MD,
International Clearing and
Shipping Agency (India) Pvt. Ltd

PROFILE OF DEEPAK RAMASWAMY

Deepak Ramaswamy is a graduate in Economics from Loyola College, Chennai with a Masters in Business Management from the Asian Institute of Management, Manila, Philippines. He is also a Customs Authorized Signatory under Rule 6 of the present Customs House Agents Licensing Regulations.

At the forefront of his efforts has been a continuous & never ending endeavour to move the group from a traditionally family owned & managed entity, to a professionally run & managed organization, commensurate to international standards. Testimony to this effort is the ISO 9001 – 2015 certification received by the organization in 2016, & very recently, a certification & recognition of the Indian customs as an Authorized Economic Operator for the Logistics Operator Category (AEO-LO).

He is an active member of the Confederation of Indian Industry, & has held the post of Chair for the Chennai Chapter of Young Indians (an integral part of CII) for the year 2014 – 2015. He has also held the post of Secretary for the South Indian Chapter of the Association of Multi Modal Transport Operators Association of India (AMTOI) & is currently it's Convenor. He is currently the South Indian Representative for the Port of Antwerp, Belgium.

In his personal capacity he is actively involved with the Alumni of Two Schools & the Asian Institute of Management, & is actively working with start ups in Chennai including in the capacity of an angel investor.

He has a passion for travelling, motorcycling, and his most treasured hobby is Aero-modelling & Radio Controlled Cars.

Port. Initially we confined our business to Custom House Agency but branched off to ship agency as well, in 1948, when we had the sub agency business for the POL line.

The big break for the company came in 1954 when we became the sole agents for the Japanese Mitsui Shipping Line. Mitsui merged with OSK line but company looked after the interests of the shipping line till they opened their own office in Chennai in 2007. **Turn to Page-2**

Interview

Sagar Sandesh: Your Company has been in customs house agency and steamer agency business in Chennai for nearly 90 years. Can you spell out the Company's achievements, business model and the road map for the future?

Mr Deepak Ramaswamy: Our Company started business way back in 1931 in the busy by lanes of Parry's corner in North Madras adjoining the

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SHIPPING - 5



Reports of Piracy in Singapore

LOGISTICS - 8



World Bank and Government of India Sign,.....

EXIM - 9



India Russia relations will reach newer heights

PORT - 10



Adani Group's dominant position worries



Sagar Sandesh

wishes its valuable readers and supporters

Happy 71st Republic Day

26-01-2020

According to me, CFS is relevant and will remain relevant even if the direct port delivery gains momentum: DR

SS: The year-long threat of a trade war between United States and China is about to end and an accord between the two countries is round the corner. India, unlike Vietnam was not the beneficiary of the uncertain times. How will the normalcy in trade relations between the World's biggest producer China and the World's biggest consumer United States impact global trade?

DR: India was flooded with Chinese goods in terms of imports during the impending trade war with United States. China was selling goods to India because of the drop in sales to United States.

But India cannot replace China as a supplier to United States because we also have trade issues with Washington. United States wants India to reduce tariff on several items. US President Trump is obsessed with India not doing away with tariff on US motor cycle Harley Davidson.

That Vietnam benefitted the most because of the trade war threat is a different cup of tea. Most of the Chinese companies are setting up second factories in Vietnam to enable Beijing to bypass any trade retaliation imposed by Washington. The Vietnamese economy has become just the mirror of China. It also has a socialist culture very similar to China. If Hong Kong is the banking Gateway for China Vietnam has become a Gateway for Chinese products.

US China is going to have a funny trade relationship. US is printing dollars and buying goods from China in a big way. China



MR. DEEPAK RAMASWAMY, MD,
International Clearing and
Shipping Agency (India) Pvt. Ltd

About ICSA Group

Deepak Ramaswamy represents the third generation of family management at the ICSA Group which has interests in Integrated Logistics, Poultry Farming, Agriculture, Tyre Retreading & Angel Investments. The Group has recently forayed in to software development mainly in the area of automating Logistics processes.

The flagship company of the group, International Clearing & Shipping Agency (I) Private Limited is the face of its largest interest group namely Cargo Logistics & was founded in the year 1931 as a proprietary firm to engage exclusively in Customs Broking.

Over the last 88 years, the company has developed into an integrated logistics service provider, offering various related services, such

as ship agency including Vessel Husbanding, Sea & Air Freight, Multi Modal Transportation, Trucking through its own fleet of vehicles, Warehousing & Customs Bonded Storage & other support services. ICSA is an accredited IATA agent & a certified (by the Director General of Shipping) Multi Modal Transport Operator. The company has offices in ten locations in India & strategic agent partnerships in other locations both in India & across the globe allowing it to offer seamless services internationally.

However, it continues to remain a closely held family owned entity to date with top priority on maintaining the highest levels of ethics & values in its activities which the family holds very close to its heart.

is sitting on 2 trillion US Dollars foreign exchange reserves. They

have to pump the money back to United States. So they keep

on buying assets in US. This is what Japan did 25 years ago and entered into Entertainment industry in US.

China has to change its business model. Being a manufacturing economy, the demand for its products may see a decline at some point. They cannot continue producing at the current rate since labor costs in China are shooting up. So their products will become expensive, less competitive. If the manufacturing activity dies in China, China dies in terms of trade. It is a challenging time for China and I don't think they are in a solid position. China has the money to buy rest of the world. Other than that, it is not a sustainable model.

SS: The Industry has invested considerable funds in setting up container freight stations near various ports of the country. Their operations have minimized the congestion in Ports in the past. Following the introduction of Direct Port Delivery of Imports and Direct Port Entry of exports, the revenues of CFS have plummeted by 40 per cent in the last one year. A Leading CFS operator near Ennore has sold off his firm to a container terminal. Do these acts indicate panic among CFS operators of a possible shut down in business?

DR: I have a completely different take on the situation prevailing in the container freight stations in the country post the introduction of Direct Port Delivery of Imports.

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SHIPPING - 5

71st
Republic DAY
celebrations
in....



LOGISTICS - 8

Sanjay Sethi
launches
'New Training
Sessions'



EXIM - 9

Major Relief: GST
Taxpayers Can File
GSTR-3B
.....



PORT - 10

Colombo
Port opens
state-of-the
art

Unfortunately labor costs in India have crossed the threshold limits. We have missed the bus: DR

SS: Out of fifteen million TEUs handled at government owned ports annually, hardly two million TEUs are handled at East coast ports. Mundra and JNPT ports handled over 70 per cent of the container traffic in the country. What is ailing the ports in the East coast -Lack of governmental patronage leading to inadequate port infrastructure and Rail connectivity or Congestion?

DR: India's major industrial clusters have grown in and around Delhi. Auto and steel clusters near Delhi steel market in Jullundur and Ludhiana. Because of the liberal tax concessions announced for Uttarkhand when the state was formed, there has been lot of industrialization around Pant Nagar and Dehradun.

If you go by the geographical location, Kolkata port should have been the ideal and viable route to reach Delhi. But Kolkata being a river side port along with draft restrictions and other issues, the Port could not make it. There is also general lack of efficiency in the port operations in Kolkata.

So the entire North cargo shifted to JNPT near Mumbai when the port got established in late Nineties. Mundra port was even better success due to the efforts of DP World and Adani group. The port has a direct non- electrified railway track connectivity to North India. The port also enjoys the exclusive benefit of the New Delhi JNPT Freight corridor.

Though the corridor technically starts from JNPT in Maharashtra, the presence of electric rail traction between Ahmedabad and Mumbai came in the way of moving double stack containers in this segment. Hence the freight corridor



MR. DEEPAK RAMASWAMY, MD,
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between JNPT and Delhi will be exclusively used by Mundra port. CONCOR is running most of its freight trains to Mundra port from Delhi. The Adani group has also set up Logistics Park along the freight corridor to North India. The group also has license to run private freight trains.

Even Nepal cargo which has now got shifted to Visakhapatnam Port from Kolkata, may move over to Mundra port once the freight corridor gets fully commissioned. Mundra port is closer to Nepal than Visakhapatnam.

The cargo meant for Hyderabad or Nagpur from the far-east will also move to JNPT and skip Chennai and other east coast ports because of freight advantage.

The steaming time from China to Chennai may be 7to 8 days while in the case of JNPT it will be 13 days. The JNPT has the port infrastructure to handle bigger container vessels and hence the freight cost to the west coast port would work out cheaper by 200 US dollars per container than if it is moved through Chennai port.

Cochin port does not get adequate cargo since Kerala has no major industries. The port

is surviving of coastal cargo from Gujarat mostly tiles used in construction industry in the state. Chennai port is getting some cargo because of the local industry. Since no new major industry has up in the southern Metropolis during the last ten years, the cargo handling in Chennai Port has remained flat. The same is the situation in VOC Port Tuticorin.

Krishnapatnam port is bound to outstrip the Visakhapatnam port over a period of time. The port will be preferred destination for Hyderabad cargo

SS: What needs to be done to improve the cargo volumes in East coast ports? The entire India cargo from the Far-East and Singapore Port goes straight to JNPT or Mundra ports bypassing the east coast ports. Has this trend become a fact of life or could it be reversed?

DR: Let us assume the east coast ports try to get the cargo meant for Nagpur from far-east from JNPT. They will never succeed since Nagpur is 900 kilometers from Chennai while JNPT is only 700 Kms.

Visakhapatnam is getting Nepal cargo bypassing Kolkata despite the distance because of Kolkata port's inefficiency.

There is some hope for the East coast ports if the Make in India program took off. Unfortunately labor costs in India have crossed the threshold limits. We have missed the bus.

There is no BJP government in southern states barring Karnataka. Under the circumstances these state governments have to pitch in to get more businesses. Otherwise industries will continue to go to North.

SS: Private ports like Katupalli and Krishnapatnam have been able to buck the trend in the East coast. What are the lessons that other east coast ports could learn from the business model of private ports in the region?

DR: The private ports in the East coast like Katupalli and Krishnapatnam have managed to buck the trend because they have taken away the cargo which was going to Chennai port in the last few years.

Chennai port is pioneer in container handling Operations among the Indian ports, having started the business way back in 1980. The first container terminal in the port DP World was handling 1.25 lakh TEUs in 2009. Its turn-over has dropped to 43,000 TEUs last year. The other terminal run by PSA has handled 81,000 TEUS.

This means there is not even one per cent growth in volumes handled in the two terminals, run from Chennai port since the year 2000. The new volumes have gone to nearby private ports and a small quantum to VOC PORT, Tuticorin.

Adani group will develop infrastructure in both Krishnapatnam and Katupalli ports and both the ports are expected to flourish in the East

coast during the next ten years.

I don't think it is the efficiency of the private ports that has led them where they are now. Private ports offer lower berth charges and charge less Vessel Related Charges.

SS: Too many ports in the country are currently involved in transshipment activity, some existing Ports but many in the pipeline. Despite these moves Colombo Port continues to handle major portion of the Indian cargo by way of transshipment. Can you identify measures to improve the transshipment volumes of Indian Ports?

DR: The first attempt to secure transshipment cargo was made through Vallarpadem terminal in Cochin port. Vallarpadam is not getting adequate cargo though it calls itself an international transshipment terminal. For transshipment operations to succeed you need to bring in inbound vessel and another ship to take it out. Vallarpadem port has draft issues.

Vallarpadem port should have come up around 2005 when Colombo port was facing congestion issues. The project was delayed by two years and by that time the port was ready, Colombo port had commissioned the second terminal and got over the congestion problems.

Indian ports should not concentrate on transshipment volumes alone. Singapore or Colombo have no originating cargo and therefore survive on berth hire charges. Indian ports on the other hand have originating cargo. Therefore transshipment operations become less critical for us.

The biggest hurdle the industry faces in transshipment operations in Indian ports is the Paper work (documentation). Not a single document need to be filed in Singapore or Colombo ports so long as the transshipment operations take place within the port premises.

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SHIPPING - 5

DG Shipping announces amnesty scheme for



LOGISTICS - 8

Pune metro rail will improve the living conditions.....



EXIM - 9

Ground Nut Exports to China pick up during



PORT - 10

JSW Infrastructure plans investment

★ **SAGAR SANDESH** is pleased to say that it enters the **NINTH YEAR** of existence with this issue. Thank you. ★

For Chennai port to prosper once again, it has to stop bleeding: Deepak Ramaswamy



MR. DEEPAK RAMASWAMY, MD,
International Clearing and
Shipping Agency (India) Pvt. Ltd

SS: Whether competition from nearby private ports or Congestion near the entrance of Chennai Port has come in the way of progress of the century old Chennai Port? Though the Tamil Nadu government has cleared the Chennai Port Maduravoyal Elevated Corridor project two years ago, NHA completing the revised DPR a year ago, what is holding up resumption of work in the project?

DR: For Chennai port to prosper once again, it has to stop bleeding. The diversion of cargo from the port to Kattupalli and Krishnapatnam has to end. For this the shipping ministry has to build suitable infrastructure projects in the port.

As for resuming work in the Port Maduravoyal Elevated Corridor project, I am given to understand that the structural integrity of the Pillars that will hold the corridors is gone because of their idling for nearly nine years. (The pillars have been languishing for several years since the TN government had opposed the project on environmental grounds)

If they have to revive the project, the first thing they should do is to undertake a complete check of existing structures including the pillars from the safety angle. If the same pillars cannot be used and many of them need to be dismantled and new pillars erected, the costs will be prohibitive.

Secondly there is acute space crunch inside the Chennai port. While the Kattupalli port has 200 acres of back up

space, the DP World Container terminal in Chennai port has hardly six acres and the other one PSA has a slightly bigger land parcel-Nine acres. The port cannot expand sideways since the Kasimode fishing harbor and the Marina beach may come in the way.

The only option for the port to find space for its expansion projects is to reclaim land from the sea. That is what China has done in many of its ports. They have done it in Colombo port as well.

The DP World terminal at Chennai port is not investing on modern technology for cargo handling since they do not get adequate returns from the terminal.

Our company's Container freight station situated at Tiruvottiyur is the closest to Chennai Port. It takes nearly four hours for the container cargo to be transported from the CFS to the terminal. Considering the proximity to the port, it should not take 40 minutes for the transit.

In days when there is congestion in the road leading to the port, the transit time takes 14 hours. There is always congestion once the truck enters the port. Vehicles need to queue up inside the port. The PSA terminal is relatively more congested since it handles more cargo well over its capacity.

SS: Chennai port now owns the nearby Kamarajar Port, Ennore but both the ports compete for the same cargo in the same hinterland. Has the change in ownership pattern led to consolidation of business

for the public sector ports in the light of poaching of cargo by nearby private ports?

DR: No one in these ports seems to be thinking of consolidation of business. Since the Adani took over the operation of a container terminal in Kamarajar port Ennore nearly two years ago, the group had struggled to bring in container vessels.

Kamarajar port has become a car export port for the Nissan and Renault group after Hyundai and Kia Motors have chosen the Chennai port for their car exports.

Kamarajar port is currently handling

dirty cargo like Coal, Sulfur and some iron ore. This will come in the way of doing business in the nearby container terminal dealing with clean cargo.

According to me, the Adani group may give more impetus to the terminal they operate at Kamarajar port over their own port Katupalli (situated in next compound) because of the low royalty they need to pay to the port administration. The Kamarajar Port also has deeper draft of 18 meters.

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