J. M. BAXI GROUP

TIDINGS

ISSUE XXXIII

APRIL - JUNE 2021

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April - June 2021

Newsletter Issue XXXIII

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J. M. BAXI GROUP

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From the Quarter Deck

Dear Friends and Colleagues, we are already in the first quarter of 2021 and if we were to compare this quarter with the first quarter of 2020, we can observe some similarities and differences. In both years, cargo volumes from Asia to the US and from Asia to Europe were high and the ships were full. The difference is that freight rates are twice or even thrice higher and not 20% or 30% higher. The other differences are that the US has a new president and a new administration and the new fuel and SOx emission guidelines for ships have been successfully implemented. The world has just endured almost 12 months of interruptions due to the COVID-19 pandemic, with lockdowns, partial lockdowns, and disruption to long and short journeys. These COVID-19 times have permanently changed some things. They have accelerated some trends and strengthened some practices. They have brought to the fore some issues we have all tended to underestimate, such as the importance of robustness, resilience, repairing, reforming, resurging, reassessing, redressing, and restoring.

We, in India, entered 2021 with a spirit of positivity, as some of the relevant numbers are positively promising. Cargo volumes at ports – both container and non-container – have seen a steady upward trend. The demand for goods and services also has witnessed an increasing trend, and inflation seems to be partially under control. Exports are showing a positive trend. The long tail of COVID-19 will last for at least six more months, maybe 12 months, but India will take positive strides along the path it has taken for the last few years.

In the last few months of the pandemic crisis, as also in the coming times and months, some of the policies of the government of India give an interesting perspective, which will be very useful for the future. Specifically, in the port sector, we have seen the formation of the Sagarmala Development Company(SDCL), the Indian Port Rail Corporation company (IPRCL), the strengthening of the Inland Waterways Authority of India, the dredging and creation of terminals on various riverways, the corporatization of ports, the introduction of new laws and acts, which are contemporary and aligned with modern needs, the port-led development model, which aims to bring ports and port land into the SEZ, maritime clusters etc. The pandemic also accelerated the adoption of more technology and digitization into our work and processes. Moreover, due to geopolitics, socioeconomic factors and the geo-economic realities, India will try to increase its self-reliance. India's coming of age as one of the top 10 economies of the world entails increasing the competitiveness of our manufacturing, agriculture, services, infrastructure, and technology sectors. To achieve this objective of being in the top five or top 10

nations, India needs to own and create a strong manufacturing and technology base. Therefore, schemes like Atmanirbhar, production-linked incentive schemes, Made in India etc., will increasingly need to happen. They will happen and India will grow.

Ports, transport, logistics, warehousing, FTWZs and SEZs, are going to play a larger and larger role in this new framework. It is, thus, with a deep sense of excitement and adventure that we have welcomed Bain Capital to partner us on our journey ahead. Bain has acquired a significant minority stake in our terminals, infrastructure, and logistics activities. Our combined strength gives us considerable financial heft. The partnership will increase our financial and administrative discipline. Our network of terminals and facilities are well positioned and deeply embedded into the logistics and supply chains of the top industrial clusters and companies in India, handling almost all types of commodities and cargo. Most of our facilities have the ability to grow in size, scope and scale. Similarly, our logistics vertical is uniquely placed, as we have multimodal capability including rail, road, water and air

From the Quarter Deck

and we are also specialists in moving multiple types of cargo, such as containers, break bulk, bulk and, of course, heavy lifts and projects. Our partnership allows us to think higher and better. It will enable us to attain bigger goals and larger objectives, while being sustainable and profitable! We shall continue to do what we have done for 100 years of sustainable growth.

We have seen volumes at ports and shipping and transport volumes, by and large, coming back to pre-COVID levels. Some ports, especially in the US and China, have higher volumes than pre-COVID. Almost all commodities have made a sharp recovery to price levels comparable to pre-COVID times. In some cases, commodity prices are even higher. There are orders for most types of new ships, especially container ships, tankers and gas carriers. Concerns and commitments regarding the environmental impact of ships, such as their CO2 and SOx emissions, have seen increased experimentation and studies on new and different types of fuel, such as LNG, hydrogen, ammonia, wind power etc. The coming decade is likely to see phenomenal changes in this sphere. Just as we saw in the last decade with the ever-increasing and unimaginable growth in the size of ships, the coming decade is likely to witness a paradigm shift in ship technology.

These and other several plans and schemes will lead to substantive growth and therefore a quick recovery and rebound. Most commentators and business leaders are expecting a V-shaped recovery.

India presented its Financial Union Budget 21-22 and some of the highlights are:

1. A substantial outlay for the health sector including preventive, curative, and well being
2. The outlay for infrastructure has been substantially enhanced with great emphasis on Rail, Roads as also PPP in various sectors like Ports, Airports, Power especially renewable power, water and sanitation
3. National infrastructure pipeline
4. National assets monetization pipeline
5. Create a development financial institution

The next 3 to 6 months will see the privatization/disinvestment process of the Shipping Corporation of India (SCI), Bharat Petroleum Corporation Limited (BPCL), Container Corporation of India Limited (CONCOR) and other PSUs.

In India, we are seeing cargo volumes beginning to come back to pre-COVID-19 levels. We are also seeing many exciting developments in our neighbourhood, with Bangladesh and India becoming increasingly connected by road, river and coastal shipping, but also by rail as well. India's connectivity with Nepal is also witnessing strong steps.

One of the plans to combat the economic after-effects of the COVID-19 pandemic has been for India to create and build world-class infrastructure. The government of India has published a national infrastructure pipeline, which lays out all the infrastructure projects. Interestingly and thankfully, the port sector has a sizeable percentage of this national plan, which presents interesting opportunities. Linked to this, there are also various gas projects, especially in the LNG sector, such as port terminals, FSRUs, city gas distribution concessions and pan-national highway gas filling stations.

The first quarter of 2021 has seen the 2nd or 3rd wave COVID-19 pandemic in various countries. Some of these countries has also seen a second or third lockdown or shutdown. Thankfully in most countries the vaccination drive has begun as also in India. But let us know and remember that vaccine is not a total complete cure. COVID-19 virus is not yet eradicated. So, whilst we need to go ahead with confidence and hope for 2021, we also need to be cautious and careful in terms of masks and physical distance.

We are looking forward to working with you and let's hope and wish for a great year ahead for all of us ■

Krishna B. Kotak
Chairman - J M BAXI GROUP

Infrastructure

J M BAXI Offers Consolidated Services

From North India To The GULF Via KANDLA

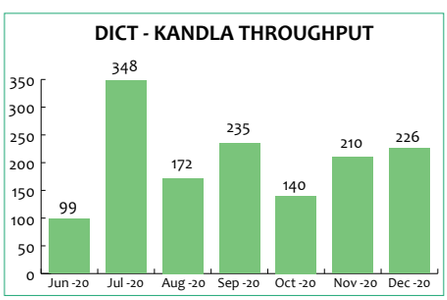
As a group J M BAXI tries to offer diversified and unique logistics solutions to its customers, which includes single window solutions for liner services, container rail services and terminal services, transportation, freight forwarding and custom house services, with the help of its different business vertical units.

The north India terminal of JMB group is Delhi International Cargo Terminal which is currently one of the leading terminals in the NCR region. We are currently serving Mundra / Kandla / Pipavav ports from these facilities.

Also, we have a daily service between Ludhiana and Mundra from Kilaraipur (Ludhiana).

As United Liners we have agency services for Prime Maritime, which is one of the leading NVOs for the Gulf sector. With Prime Maritime we are working on the development of routing for Gulf-bound containers from DICT and Ludhiana using Kandla as the routing / loading port.

DICT started the Kandla service w.e.f. June 2020 and handled approximately 1,400 TEUs during three quarters of FY 2020–21.



Currently Prime Maritime has fixed slot of 100 TEUs on a weekly basis on the BTL / Safeen service. This service runs on Tuesday from Kandla and the routing is Karachi / Kandla/ MICT / GTI / Sharjah / Khalifa / Bahrain / Dammam / Um Qasar. Prime Maritime is loading 150 TEUs / week on this service from Kandla port.

Sonepat and Ludhiana are both rice export markets with major PODs in Gulf-based ports, some of Far Eastern sectors, USA and Europe. With the introduction of this service, the rice exporters of the Sonepat and Ludhiana belt can utilize end-to-end services with our facility, which provides terminal services, rail services and shipping services all under same roof.

Currently Prime Maritime, Win win Maritime and Radiant Shipping are using Kandla port via DICT. We are developing the same service with other NVOCCs for the DICT and Ludhiana locations also. This type of business prospect will provide confidence to customers in using our facility with end-to-end services till POD. Customers will benefit from this service in the following ways:

- Single door solution for rice export towards the Gulf sector.
- As inventory is a major issue for rice exporters (inventory imbalance due to major import of 40' and export of 20'), as ICT we will bring import from the Gulf using Kandla port which will result in the addition of inventory for both catchment areas.
- Also, the surplus of inventory can be shifted to either place, which will give ease to customers while operating with these two locations using ICT services.
- Customer will have an option of Mundra, as the port is mostly congested and slot availability is always an issue from port for NVOs.
- Operating costs for customers will be reduced as Kandla port distance is less than Mundra. Also, the port charges of Kandla are competitive in terms of Mundra.
- Customers have to communicate with just one entity for the entire movement, which will give them confidence in our services.

ICT Will Also Benefit From This Movement As

- ICT will be able to manage inventory for customer between DICT and Ludhiana on its rakes which will help them to develop a base for customers at either location.
- One more route will be developed and will result in the addition of service sectors.
- There will be an improvement in the customer base and confidence will be gained with multiple movement options in case of any issue related to Mundra / Kandla port.

This unique proposition of integrated service offering by J M BAXI has truly brought the concept of containerisation to the doorstep of the customer, wherein a single infrastructure company is able to provide the landside as well as ocean service to its customers ■

Infrastructure

Expanding Wings And Giving Customised Solutions

International Cargo Terminals (ICT), as a container train operator, strives to provide best in class train services from ports to various locations and serve its industrial base in catchment area.

ICT currently operates 20 rakes on Indian railway circuits. Till a few months back, ICT had primarily focused on connecting its ICD, DICT with the western gateways of Mundra and DICT.

As a container train operator, we were earlier operating between western ports and north Indian ICDs. Now we are expanding services by adding more ports for the sector and spreading the same to the eastern coast of India.

Currently serving Delhi NCR from DICT Sonepat and Ludhiana using Kila Raipur via Mundra and Pipavav, we have recently added eastern coast services and the Kandla North India service to our portfolio, witnessing a diversity of service areas as a container train operator.

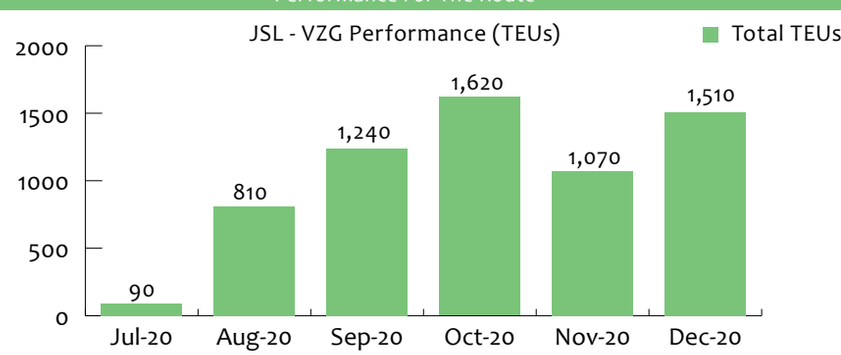
Eastern Coast Services

By starting a service between Vizag port and Jajpur, ICT is giving options to the Orissa industrial belt for the usage of the nearby port, which will bring down their cost and transit time in comparison with JNPT (currently used port by major industries).

Movement was started from July 4th week with one rake for the route while the same has been increased to up to three services per week.

Odisha is the mineral hub of India and the largest aluminium, steel and stainless steel producer in the country. It has the highest mineral production of INR 49,505.66 crore with 13.88% of India's total value. Odisha's rich mineral reserves constitute 28% iron ore, 24% coal, 59% bauxite and 98% chromite of India's total deposits. Major companies like Tata Steel, Jindal Steel, Vedanta, Hindalco, Raurkela Steel Plant, Visa Steel, Bhushan Power and Steel,

Performance For The Route



Indian Metal and Ferro Alloys, National Aluminium Co., Balasore Alloys, Tata Ferro Minerals are a few major industries of the state.

The state attracted Foreign Direct Investment (FDI) inflow worth US$ 605 million between April 2000 and March 2020 according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

The state can be divided into twelve industrially active zones / areas, namely:

- **Rajgangpur** (iron and steel, sponge iron, cement, secondary steel, melting and rolling mill and refractories and chemicals)
- **Ib Valley** (thermal power, sponge iron, refractories, and coal mines)
- **Hirakud** (aluminum and rolling mills)
- **Talcher-Angul** (thermal power, aluminum, coal washeries, ferro alloys, coal mines)
- **Choudwar** (ferro alloys, thermal power, pulp and paper, coke oven)
- **Balasore** (pulp and paper, ferro alloys, rubber industries)
- **Chandikhol** (stone crusher, coke oven)
- **Duburi** (integrated steel, ferro alloys, rubber industries)
- **Paradeep** (fertilizer, sea food processing, petroleum coke)
- **Khurda – Tapang** (stone crusher)
- **Joda – Barbil** (iron, sponge iron, ferro alloys, iron ore crusher, mineral processing)
- **Rayagada** (pulp and paper, ferro alloys).

Iron ore is abundantly available in the districts of Mayurbhanj, Sundargarh, Keonjhar and Jajpur. Chromite meanwhile is mostly available in Jajpur, Dhenkanal and Keonjhar districts, which are mainly in the

Infrastructure

central part of the state, which has an average distance of 600 km from Vizag port. With the upcoming railway line between Haridaspur and Paradip port, it will only be 82 km for Paradip port.

As customers of the area were mostly using JNPT port due to the availability of inventory and most frequent vessel slots, it was very tough to convince customers to try the new route via Vizag port, as major shipping lines started using the port but inventory and slots were still a problem for the route. Also, customers were using Vizag port only for road-bound movements as it was a faster way to move their cost and time-sensitive cargo.

Also, this model can provide store-to-door solutions for the customers of the region, which will be an add-on feature for customers to pursue for this service.

ICT, in coordination with Maersk Line, took it as a challenge and, after many discussions and an operational feasibility analysis, started the service between Vizag and Jajpur, where empty units were brought from Vizag to Jajpur area and loaded units were brought back to port. Maersk took an interest in this business proposition and jointly we provided an end-to-end solution to Jindal industries. This model is a success story now and, as a business partner, we may introduce this model to other customers in that area.

We are trying to explore other regions of the state for further expansion of rail services for Vizag port initially. Western zones, which covers Jharsuguda, Lapanga and Rourkela, have rich reserves such as aluminium and ferro alloys, and an average distance of 500 km from Vizag port, 400 km from Paradip port.

The southern part of Odisha, which covers Berhampur, Rayagada and Gopalpur, and has an average distance of 250 km from Vizag port and 280 km from Paradip port, has reserves such as aluminium, heavy minerals and ferro alloy, which need to be explored for movement.

Vizag port is also an ideal location for Hyderabad / Secunderabad, with an average distance of 650 km. Currently customers of the Hyderabad vicinity are using JNPT port for exporting and importing their cargo, but with regular shipping line inventory and services; this route can be explored and Vizag can be mapped as a major hub for the eastern coastal regions of India.

Vizag port is also suitable for handling cargo of other eastern states. Customers are currently looking for alternatives to Haldia port, as the port is having vessel berthing issues due to draft constraints. The draft at Halida port is 8 metres, which makes berthing of VLCC tough as the draft required by a VLCC is approximately 13 metres. The draft at Vizag port is 18 metres, which makes it more attractive for VLCC operators and shipping lines. Now Vizag has emerged as the major choice of shipping lines for handling EXIM shipments from the eastern coast.

Vizag port is handling cargo of Nepal by rake where CONCOR is currently handling rail movement between Vizag port and Birganj.

Paradip port is the ideal location for handling the cargo of Odisha and other catchment areas in eastern India, but services and slots for shipping lines needs to be worked on and materialized as Odisha is an export-driven market and from the shipping lines' perspective JNPT port is still the more favorable choice due to the availability of vessel schedules and inventory for the sector.

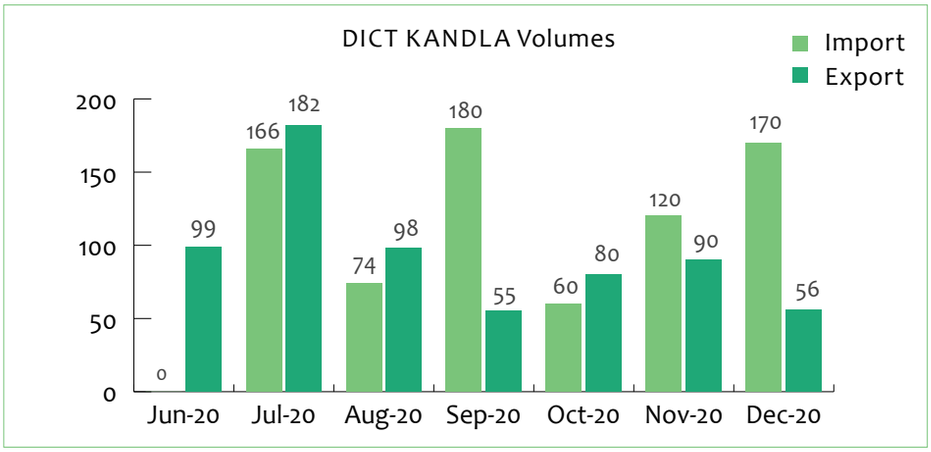
At ICT we are striving to get these industrial areas on board with our state-of-the-art infrastructure at Vizag and Paradip ports, and to build a new business route together with industries and shipping lines for both infrastructure facilities.

Kandla – North India Service

We started the DICT – Kandla service w.e.f. June 2020 and up to December 2020, DICT handled 770 TEUs imports and 660 TEUs exports for the route. Monthly volumes are as follows: Currently Prime Maritime, Win win and Radiant are using Kandla port for DICT-related movement. We are also having continuous discussions with other NVOCCs who are using Kandla port for their Gulf and Far East services.

We are also working on developing the Kandla–Ludhiana route, which might start w.e.f. April 2021, as a new route in the ICTs service arena.

At ICT we always try to build new routes and hope to add various new business routes during FY 2021–22



Logistics

Boom In Coastal Ocean Freight For Project Cargo

It is well known that boosting coastal and inland waterway transportation can alleviate the pressure on roads and railways while reducing logistics costs, a boon for competitiveness and economic growth. Sea transport is also considerably more climate and environmentally friendly and safer than road transport.

India, however, despite its more than 7,500 km (4,660 miles) of coastline and 14,000 km of navigable inland waterways, transports only around 6% of its freight by sea routes.

The most efficient and safest way to move project cargo is by coastal routes and through inland waterways. Project cargo in India has seen a fair need for multimodal logistics involving ocean or river transportation. Moving the process equipment used in the oil and gas industry and the fertiliser industry and the equipment for powerplants has always required multimodal logistics, either because of the location or because of the size or weight of the packages to be moved.

The recent past has seen a marked increase in the size of weight of equipment being carried. We have seen a number of packages above 70 m in length, 10 m in width and height, and 1000 MT in weight, and the packages keep getting bigger. This is because manufacturing packages in state-of-the-art fabrication facilities is more cost effective and results in a higher quality than assembling them on site.

Most of the manufacturers of such pieces of equipment are based near the west coast of India whereas the projects are mainly on the east coast. There is, hence, a consistent need for a coastal service from the west coast to the east coast of India.

Here are some recent examples of expansion projects involving coastal ocean freight:

- IOCL Haldia
- GR Engineering, BPCL Kochi Project
- IOCL Haldia
- HPCL Vizag
- IOCL Sindri Barauni
- Toyo Engineering, HURL Gorakhpur

The increase in production capacity means that equipment keeps getting bigger, but assembling high-end complex units at temporary sites close to the final project site is not always an option. Even if it is, the manufacturers are often concerned about the quality of the final assembled product.

Over the next three years, we expect to see a spurt in the movement of super heavy-lift and super ODCs, which will require ocean transport, beginning with IOCL Paradip. The first shipment for this project was in August 2020.

This will be followed by two prestigious refinery projects. The first of these is HPCL Vizag RUF, which began in October 2020. Most of the supplies will come from Hazira but modules will also move from Kattupalli. Movements to Vizag RUF will last for about 24 months, so we expect two coastal shipments every month. At the same time, we expect to make at least two coastal voyages for HRRL Barmer from Dahej.

During 2020–22, we are also expecting that the container terminals in the country will enhance and modernise their RTG and RMQ cranes, as demand for container movement is increasing. Under the government of India's Atmanirbhar scheme, multinationals like Kone Cranes are setting up manufacturing bases in India. Other companies are also expected to follow suit, which will result in massive coastal movement opportunities. We are seeing a lot of inquiries for movements from Hazira to Kandla, from Kattupalli to Vizag, and from Nhava Sheva to Goa.

The EPC contract for the FCI Talcher project has been awarded to Wuhuan Engineering in China, which will also

Logistics

involve the procurement of major components from Indian engineering companies. This project will see large packages landing from the west coast of India into Paradip.

Even though cargo flows appear to be unidirectional from the west coast to the east, a lot of windmill equipment is being supplied from the east coast to the west. Last year, Gamesa entered into a contract for a few voyages of windmill equipment from Tuticorin to Kandla, and we are sure more will follow. A regular return service running from the east to the west coast would encourage manufacturing units in the east coast to look at coastal shipping as a viable option, thus ensuring that we have enough return cargo for these voyages.

There is a latent need for a strong coastal service, given the restrictions in road transport for super heavy lifts and ODCs. With a decent service, more and more equipment manufacturers will start planning their transport around coastal ocean freight ■

Logistics

Moving A Monstrous Yet Delicate Cargo Package

It is said that its people are a company's best assets. But what if the company also owns the best equipment? In some form or other, we are happy that Boxco is serving the logistics, heavy lift and compliance requirements of major projects.

Jawaharpur Vidyut Utpadan Nigam Ltd's power project at Jawaharpur, a small town in the most populous state of India, Uttar Pradesh, was already being served by Boxco. Project import clearances and reconciliation sheets have been processed for several years. Quite unrelated to this service, Boxco also served the project through GE, by transporting the mega stators for the project.

A stator when seen does not look that intimidating in the world of heavy lifts. It is a mere 10.5 m in length by 4.26 m in width by 4.54 metres in height. However, the piece packs within its relatively small dimensions a whopping 358 MTs of carefully laminated and placed electrical steel sheets and windings, good enough to feed power to a small town. This weighty package needs a girder bridge to ensure its weight across its axles is spread onto the road to remain within acceptable limits. Moreover, it costs more than INR 600 million and takes about 12 to 15 months to build.

A monstrous yet delicate cargo at the same time!

It requires not only the best people but also the best equipment to move such beasts from their place of build to their operational site, where they will sit and work silently, chewing out electricity in large dollops, one turn of the rotor after another, for years and years, without respite.

A good portion of the plant is then built around the stator when it is placed.

All of the above mean that any delays in delivery were not an option. Any mishandling of the weighty dwarf could have resulted in either very expensive delays in this very expensive project or a less than optimum electricity generator, which would increase costs all round.

PEOPLE AND ASSETS

20 SKILLED & DEDICATED PEOPLE — 2 SUPERVISORS, 5 DRIVERS, 3 OPERATORS AND 8 HELPERS

THREE VOLVO **520** PULLERS, A GIRDER BRIDGE

16+16 HYDRAULIC AXLES

2 ESCORT JEEP

1100+ KMS ACROSS **THREE** STATES **MAJOR** CITIES AND **COUNTLESS** TOWNS

2 ELECTRIFIED RAILWAY CROSSINGS

300 KMS ON A **SINGLE-LANE** ROAD

COUNTLESS SHARP TURNS AND **NARROW STRETCHES**

CROSSED TOLL PLAZAS WITH A MAXIMUM WIDTH OF **5.5M**

6.2M WIDE CARGO USING SOME INNOVATIVE ON-THE-SPOT SOLUTIONS AND AVOIDING CIVIL WORK

MOVEMENTS DURING NIGHT-TIME

THROUGH OTHERWISE HEAVILY CONGESTED AREAS

AT THE TOLL GATE

JACKING UP TO CLEAR AND **CROSS OVER A SHORT WALL**

Assignments such as these exercise the best people and equipment in the trade, the pride of Boxco.

Logistics

The transportation required careful planning of the route, which is approximately 1100 km long. In a country like India, 1100 km through various states means a riot of variety and vibrant scenes. However, different solutions need to be worked out for particular stretches, taking account of the strength of road surfaces, bridges, arches and other structures along the way.

The stator began its journey on 16½ axles. It covered vast stretches till near the site, safely ensconced in a cradle. Then 16 + 16 axles were required on a girder bridge and it safely ended its journey on the 16½-axle configuration. Covering the distance took a dedicated team of 20 personnel over 80 days ■

Logistics

Aluminium Ingot Exports From PARADIP

The aluminium industry in India is strategically well-placed and is one of the largest producers in the world. India's rich bauxite mineral base renders a competitive edge to the industry as compared to its counterparts globally.

The four major primary producers in India at the forefront of aluminium production are the privately owned Hindalco Industries Ltd, Vedanta Aluminium Ltd., Bharat Aluminium Co. Ltd. and the public sector undertaking National Aluminium Co. Ltd.

Installed Capacity Of Aluminium (2018–19)

Sector	Company	Plant	Annual capacity (MT)
Public	National Aluminium Co. Ltd.	Angul (Odisha)	460,000
Private	Bharat Aluminium Co. Ltd.	Korba (Chattisgarh) I	245,000
		Korba (Chattisgarh) – II	325,000
	Hindalco Industries Ltd.	Aditya (Odisha)	360,000
		Hirakud (Odisha)	215,000
		Mahan (Madhya Pradesh)	360,000
		Renukoot (Uttar Pradesh)	345,000
	Madras Aluminium Co. Ltd	Mettur (Tamilnadu)	40,000
	Vedanta Aluminium Ltd.	Jharsuguda-I (Odisha)	500,000
		Jharsuguda-II (Odisha)	1,250,000

The aluminium industry comprises two basic segments: upstream and downstream. The upstream segment produces primary or "unwrought" aluminium from smelting of calcined alumina, which is produced from bauxite. Approximately 4 kg of bauxite is required to produce 3 kg of alumina and 1 kg of aluminium. Primary aluminium is the starting block for aluminium products and is mainly in the form of ingots and billets.

Aluminium Ingots – Introduction

- Ingots are the material that is cast into a shape suitable for further processing and are produced through the smelting process.
- Ingots are remelted and further processed into a large number of products for various downstream applications.
- Usage is in industries engaged in casting, utensils, automobiles, aerospace, lithium batteries, currency coins and others.
- Size of ingots: 740 mm x 170 mm x 114 mm.
- Weight of Ingot: 22.7 kg +/- 1.5 kg each on average.

Exports – India

Aluminium Ingots Export From India (in MT)

Cargo	FY 2017–18	FY 2018–19
Aluminium Ingot	1,370,375	1,538,455

Exports were mainly to Malaysia (18%), USA (12%), Republic of Korea (10%), Turkey (9%), Mexico (6%), Italy (5%), Taiwan & Spain (4% each) and Japan (3%)

Mode Of Export

Containerized Export

Port	Company	CY 2020 – In TEUs
Visakhapatnam	HINDALCO	9,028
	VEDANTA	24,464
	BALCO	5,133
	NALCO	3,465
	Total	**42,090**

Note: 1 TEU is approximately 25 MT

Break-bulk Export (April 2020 to December 2020)

Port	Qty (MT)
Gangavaram	62,000
PICT (Paradip)	31,471

Standard Operating Procedure – For Break-bulk Export Shipments

In view of reduced ocean freight in break-bulk shipments owing to larger parcel size, recently most overseas buyers prefer the cargo to be shipped in break-bulk from India.

Process Flow For Exports In Break-Bulk

- Receipt of laden DSO containers at railway siding (ingots inside containers are in bundles of 1 MT each with approximately 22 ingots per bundle)

Logistics

- De-stuffing the containers at yard using forklifts

- Unitisation of bundles using industrial-grade straps and cargo stacking at yard

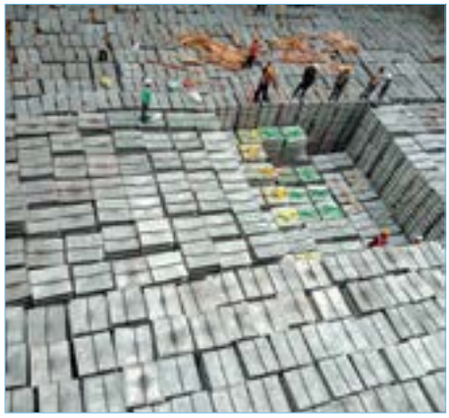
- Color coding the cargo for segregation as the basis of the sequence for discharge port/ buyer

- Loading the cargo onto trailer for transportation to wharf

- Unloading of cargo at wharf and loading into vessel using ship gear

- On-board stacking inside vessel holds using forklifts

- Lashing and choking with adequate fumigated dunnage inside vessel hold to avoid metal-to-metal contact



Paradip International Cargo Terminal, Paradip – an ideal gateway for ingot export

- Clean-cargo terminal at Paradip port, having two full-length rail sidings, with one line dedicated to steel & aluminium movements
- Adequate yard space to handle larger parcel size
- Minimal pre-berthing delays and higher load rate with reduced turnaround time
- Single window services with provision of value-added services
- Strategically located PICT helps in reducing the overall expenditure on the railway freight.

The table below shows the proximity of PICT from the major origin points:

SN	State	Avg. Rail Distance (km)	
		PICT	VIZAG
1	Odisha	397	553
2	Uttar Pradesh	981	1,272
3	Madhya Pradesh	1,093	1,193

PICT with all the afore mentioned benefits is an ideal gateway terminal for companies like HINDALCO, VEDANTA and NALCO for their ingots exports ■

Agency & Services

Handling A $40 Million Rig In A $400 Million Aircraft:

The BAGHJAN Oilfield Blowout

The dousing of the blowout at Baghjan is a classic example of the coordinated integrated logistics and service assistance we offer to our distant clients. The Baghjan Oilfield in Tinsukia district, Assam, a state in the north east of India, has 21 active wells, of which 4 produce natural gas while the remaining produce oil. Baghjan Oilfield's Well No. 5 was established in 2006 and produced natural gas. It had drilled down to a depth of 3,870 m and was producing between 80,000 to 100,000 standard cubic metres of gas per day before the leak.

The 2020 Assam gas and oil leak, also referred to as the Baghjan gas leak, is a natural gas blowout that occurred in Baghjan Oilfield on 27th May 2020. The site is operated by Oil India Ltd. (OIL), a public sector undertaking. The leaking well subsequently caught fire, which resulted in two deaths, large-scale local evacuations and environmental damage to the nearby Dibru-Saikhowa National Park.

After the initial evacuation of nearly 3000 personnel, a Canadian company was appointed by OIL to assist in killing the fire with their equipment and personnel. This Canadian company in turn contracted a Singapore-based company to handle the Indian side of the logistics and compliances.

M/s. Pentagon Freight Services Private Ltd., Singapore, contacted Arya Offshore Services Pvt. Ltd., which arranged for Boxco Logistics to be available to respond to queries, make multiple arrangements in advance, prepare documentation and coordinate with OIL to obtain the necessary documentation to ensure all clearances were compliant and speedy. Boxco also prepared the equipment and ensured vehicles were ready when needed. Thus, while the Canadian contractor was loading an Antonov An-124, frantic activities were centered around the J M BAXI GROUP, which had to coordinate at various levels with staff at Baghjan, OIL's regional HQ in Kolkata, Pentagon Freight Systems in Singapore and the contractor in Calgary, Canada.

Initially, the charterers were to bring the Volga Dnepr An-124 aircraft to Gauhati, using Kolkata as a technical halt. They were instructed by OIL to undertake the clearance of the cargoes at Kolkata. The JMB teams advised that since the aircraft was to fly to Gauhati anyway, it was better to clear the cargoes at Gauhati and began to arrange this. At Kolkata, the cargo, the aircraft and its consumables would be declared as imports, since then the Kolkata–Gauhati leg would be purely for domestic carriage. Customs was approached, both at Kolkata and Gauhati, in advance to help facilitate the transport of the critical cargo. The contracts, plans and other documents were studied and the appropriate customs paperwork prepared. The requirements of the Bureau of Civil Aviation Security, CISF and the airport authorities were all simultaneously understood and conveyed. Initially, it was reported that upon limiting the touchdown weight of the loaded aircraft, all clearances for Gauhati had been obtained. However, much later the permission was reportedly denied due to the inadequate firefighting capabilities at the airport for the An-124.

The Kolkata team showed true resilience and grit in attending to the change in the flight destination from Gauhati to Kolkata. They had to work with various organisations and with different contracts to obtain clearances from multiple agencies for handling the cargo on the tarmac for the chartered flight. It must be mentioned that the dynamic situations were handled nearly instantaneously.

The team took cognisance of the many imponderables and found solutions, to the satisfaction of the client. However, when such projects are handled, it is very rare that things go in textbook style and this project was no different. With just a day remaining for the aircraft to arrive, it was reported that the foreign national who was to operate the rig out of the aircraft had not been given security clearance. The rig, which was the main cargo apart from about a hundred other items, was a 40-tonne tandem-steered tri-axle snubbing/hydraulic workover unit, a very complicated thing to drive out. Boxco rose to the occasion. A trained Indian operator was provided, the appropriate paperwork completed, meetings arranged with the Canadian operators to confirm the rig controls and with proper approvals, the Indian operator was tasked with doing the needful.

The aircraft arrived at 0130 hours. By 0430 hours, all the cargo and the rig were safely discharged and stacked under the supervision and control

Agency & Services

of Boxco's team, who worked in tandem with the An-124's crew and the ground handlers. Boxco's team completed the task as well as would be expected from the most seasoned handlers in the trade. It must be said that the entire team was focused the whole night due to the adrenalin-fueled tension resulting from the various challenges. The operation at a busy major airport involved backing the critical rig safely out from the intimidating interior of the An-124 and onto the cargo tarmac, which the specialist handlers flown in from Canada monitored remotely, and looking after the pieces of loose equipment.

Once the customs clearance was completed within the airport complex, the complete cargo including the rig was driven out by Boxco's operators. Everything was then stacked onto vehicles and driven from Kolkata to the site by transporters appointed by OIL.

The Indian and foreign experts killed the disastrous well 173 days after it had suffered a blowout, which ejected natural gas and associated compounds uncontrollably from a depth of 3.7 km. The well was killed 12 days after the 60-tonne snubbing unit, flown in from Calgary, Canada, reached the site on 4th November 2020.

As we go to press, the abandonment of the well is now complete and arrangements are being made to transport the equipment back to Calgary, either by sea or air, and Boxco Logistics has been requested to provide customs clearance and allied services at Kolkata.

This was yet another unique project for J M BAXI GROUP and two of the group's companies. Team members in Mumbai and Kolkata had to interact with freight forwarders in Singapore and technical teams in Calgary.

This was a truly multi-national project of national importance. It was completed successfully and carefully by a professional team ■

Agency & Services

Ship Recycling During COVID-19

Alang is widely known as the largest graveyard in the world for ship demolitions. Ship recycling yards in India, Pakistan, Bangladesh and China, handle over 90% of all ocean-going vessels demolished in the world. A ship traded in international waters in its economic life might have never called at any Indian port; however, many of these ships come to India for demolition upon completion of their lives.

The ship-demolition business was controlled by yards in the US and Europe till the 1970s. However, with rising labour wages in the Western world, this industry shifted to Asia, where labour was available abundantly and at lower costs. India made a strong pitch for this business in the 1980s and the first vessel, M.V. Kota Tenjong, beached at Alang on 13th February 1983. Since then the business has grown multifold at Alang, and presently there are 153 beaching plots spread over a coastline of 10 km.

Alang is the preferred location for ship scrapping primarily owing to its location. It has one of the highest tidal variations in the coastal regions of the Indian sub-continent. Further, during high tide the ocean currents are very strong, leading to vessels coming ashore with relative ease. Another advantage of Alang is the availability of a large force of unskilled workers at affordable costs, who are able to perform the majority of demolition activity manually. Owing to such multiple advantages, Alang handles almost half of all vessels demolished in the world.

Presently the shipbreaking industry in Alang provides direct employment to over 50,000 workers coming from different parts of country. There are further labourers engaged in ancillary industries like steel rolling mills, scrap traders, oxygen gas plants, furniture traders, transporter, real-estate, etc. The industry contributes substantial revenue to the central and state government in the form of taxes. In its latest budget announced in February 2021, the Indian government announced a series of measures for further development of this industry. It is expected that the annual shipbreaking capacity of India will double from 4.5 million tonnes to 9 million tonnes LDT by 2024. This is also expected to generate employment to over 150,000 people. There are also plans to set up container manufacturing units in this region, which can utilize the scrap steel that comes out of shipbreaking.

Hongkong Convention

Alang had also attracted lots of attention in the past for the deploring conditions in which the labour force had been working, with minimal regard to safety. A lot of effort has been put by the government and the Ship Recycling Association and other bodies to spruce up the facilities at Alang. India became a signatory to the Hongkong Convention in 2019 and presently most of the demolition yards have exhibited proper SOP in place for safe and environmentally friendly ways of breaking a ship. No toxic or metallic wastes are dumped into the sea. The workers are provided necessary safety gear and taught about safe working practices. Further, the yards

Agency & Services

have set up basic accommodation and medical facilities for the workers attached to their companies. Owing to the various positive measures taken, many of the yards comply with the Hongkong Convention on Ship Recycling prescribed by the IMO. There have been numerous independent studies by international agencies that eventually gave clean chit to the yards, resulting in ships from Europe and other developed nations heading to Alang for demolition.

Ship Agency For Ship Recycling

Vessel agency for ship recycling is a very complex job and J. M. Baxi & Co. has been performing this task regularly since the emergence of this industry in the 1980s. There are numerous tasks involved requiring parallel co-ordination between the seller, i.e. the shipowner, the buyer, beaching yard or their trading counterpart, government authorities viz. customs, immigration, Gujarat Maritime Board Port Office, the manning agency for the signing-off crew and others. Preparations for these activities starts days in advance and meticulous planning has to be done for all tasks to be performed within a window of a day of two maximum. In order to have seamless operations at minimal costs to the shipowner, JMB had set up a dedicated ship dismantling desk in Bhavnagar, which is about 50 km from Alang.

This team guides the vessel to the location to drop its anchor, which depends on the draught of the ship. The JMB team thereafter arranges for boarding of government officials and other stakeholders at anchorage through tugboats. This requires precise coordination for using minimum anchorage boarding as otherwise every boarding involves lots of time and expenditure. All paperwork has to be done expeditiously so that the vessel can beach in the allotted time, otherwise missing a tide might mean the vessel would have to wait for the next tide, perhaps a fortnight away. JMB has been able to consistently perform successful beaching of many vessels over the years and this has regularly been appreciated by shipowners.

Demolition Activity Post Lockdown

During the COVID-19 pandemic, from the last week of March till early June, the beaching of vessels at Alang stopped. With no jobs at hand, there was an exodus of many migrant labourers to their native places, which in a big country like India was often far off. The government allowed ship-demolition activity to start in stages in June 2020, and the Gujarat Maritime Board played a very proactive role in supporting the industry to bounce back to normalcy within days. There were numerous hiccups in the initial days, but the industry was back buzzing with activity before long. During the year 2020, a total of 196 vessels beached in Alang, as against 182 the previous year.

For JMB, apart from the coordination between various agencies, the biggest challenge was to sign off the crew and repatriate them home safely. A few hotels in Alang started functioning in June with limited capacity, which meant there was a shortage of hotel rooms in Alang. This was compounded by the fact that there were no international flights operating out of India during that time, which meant the signed-off crew were occupying the hotel rooms for a longer duration and hence the room shortage increased. Further, the crews had to be kept in safe and secure condition so as not to get infected with the virus; hence they were effectively locked inside their rooms altogether for days. The government granted extended visas to the signing-off crew till the agents could find suitable repatriation options.

Post lockdown, JMB handled 15 vessels at Alang, which included tankers, parcel tankers, bulk carriers and car carriers. As with all vessel demolitions during that period, the most important task was to ensure safety of seafarers. All crew were put up in hotels, which were evaluated by the JMB in advance for the safety protocol the hotels had put in place. Unfortunately, in one instance, one of the signed-off crew tested COVID positive. JMB ensured that the affected crew was given proper and timely medical attention. The rest of the crew also had to be put under mandatory quarantine for 14 days. This meant all arrangements for hotels and transport had to be reworked within the limited options available at that time.

Through a mix of private chartered flights and regular commercial flights, all crew were safely repatriated home. JMB arranged for the repatriation of over 400 crew members and there was not a single case where the crew was unable to board a flight or take a connecting flight for want of necessary documents, including a COVID test report conducted within 72 hours. The JMB team did all the running around, gathering all the permissions, so that each seafarer could reach his family in a safe and secure manner

Technology

Achievements Of The INDIAN PORT COMMUNITY SYSTEM

President of India

Minister of Electronics & IT

Digital India Awards
New Delhi

Vigyan Bhawan

The trade practices in our industry are based on manual processes, which created several hindrances in these dire times. However, we quickly realised that the internet and the ease of online solutions were a boon.

Like a knight in shining armour, the Port Community System PCS1x was already available and protected the industry from the wrath of the pandemic. PCS1x is a cloud solution, so it is accessible from anywhere anytime, which made operating from home much easier.

With the quick and efficient decision-making and agile implementation of solutions by the Indian Ports Association and the service provider Portall, the industry was soon using electronic bills of lading. These were further strengthened from a long-term perspective with trusted digital and blockchain solutions for the entire process. In such times, the system-to-system integrations via an API also helped the trade.
Even before these unprecedented times, it was commendable to see the number of organisations relying on PCS1x increase from 7 to a mammoth 26 within 9 months of going live, finally reaching 29, which is an achievement in itself.

Over and above the initial plan, PCS1x is the first-ever integration with customs to ensure the real-time and secure exchange of information via an API. Apart from customs, PCS1x is also integrated with the Indian Navy, Indian Railways, the Ministry of Road Transport and Highways, the Directorate General of Shipping and others. Other initiatives, such as an integration with the Directorate General of Foreign Trade, are in progress.

Another unique feature launched during the pandemic was latch-on – a unique concept built in and delivered with PCS1x. Latch-on facilitates the trade as it encompasses features and functionalities that are critical to business. This feature of PCS1x has made the system invaluable to its stakeholders. Even though such features require a seamless flow of data and documents, they do not overload PCS1x. It is the best in its class, being available, tried and tested.

Due to its immense contributions, its understanding of the requirements of maritime stakeholders and for always being proactive, the spotlight in the last quarter of 2020 was on the Indian Ports Association (IPA), its membership and the International Port Community Association, which were recognised by the trade and the Indian government.

On 30th December 2020, during the award ceremony of the Digital India Awards 2020, an honour was bestowed on the Indian Port Community System, due to its critical importance and impact on the Indian Port Community, by the Honourable President of India, Shri. Ram Nath Kovind. PCS1x received the National Digital India Award 2020 in the Exemplary Product category in

Technology

The esteemed officials of the Indian Ports Association receiving the award.

the august presence of the Hon'ble Minister of MeitY, the Hon'ble MoS, MeitY, and the Secretary of MeitY, among other dignitaries.

The IPA also won a hat trick of National Awards! It bagged awards for Excellence in Logistic & Supply Chain and Excellence in Public Sector Unit under categories Best E-Governance Implementation, Best-in-Class IT System Provider and Best IT Project of the Year, all because of PCS1x.

Dr. A. Janardhana Rao, MD of the IPA, delivered his words of gratitude virtually to the organisers, the World Logistics & Supply Chain Congress Awards, Thought Leaders, CMO Asia, Global MICE Congress Awards, the World Federation of CSR Professionals and the trade.

About the Digital India Awards

The National Informatics Centre (NIC) within the Ministry of Electronics & Information Technology (MeitY) has been conducting the biennial Digital India Awards to promote innovation in egovernance and the digital transformation of government services.

The Digital India Awards, instituted under the aegis of the National Portal of India, recognise innovative digital solutions and thereby inspire emulation by all government entities. In the sixth edition of the Digital India Awards, 24 teams across seven categories received awards. These 24 digital initiatives are contributing richly to make the lives of our citizens better, safer and happier.

Impact On The Ports

The successful implementation of the Indian Port Community System PCS1x has had a positive impact on the ports and their processes. PCS1x is facilitating the Indian maritime trade by reducing the time required for completing various processes, by reducing transactions costs and by protecting the environment ■

SOME FEATURES OF THE SYSTEM

Messages	Prior to PCS1x	Post PCS1x
Vessel profile (submission and approval)	2 days (48 hours)	Average 1–2 hours
Voyage registration and VCN allocation	2 days (48 hours)	Average 30 minutes
Berth request and berth allocation	Next day in the berthing meeting	Immediate without any manual intervention
Container- related messages	Physical submission	All the documents are submitted by users from their office and these are uploaded into the system very quickly
Cargo-related messages: delivery orders	5–6 hours	Online within 1 hour of submission

In Focus

INDIAN Ports Bill, 2020 – A Game Changer In The INDIAN Maritime Sector

The Indian Ports Bill, 2020 governs both major ports and non-major ports. It will replace the antiquated Indian Ports Act, 1908. The Bill seeks, inter alia, to enable the structured growth and sustainable development of ports to attract investments in the port sector for optimum utilisation of the Indian coastline by effective administration and management of ports. It shall further ensure greater investment in the Indian maritime and ports sector through the creation of an improved, comprehensive regulatory framework, including the creation of the Maritime Port Regulatory Authority (MPRA), state maritime boards, adjudicatory bodies and appellate tribunals for the resolution of disputes and to curb any anti-competitive practices etc.

The Bill also seeks, inter alia, to create an enabling environment for the growth and sustained development of the ports sector in India through the formulation of the national port policy and national port plan in consultation with coastal state governments, state maritime boards and other stakeholders.

Various provisions of the Indian Ports Act have been updated to ensure the greater safety, security, pollution control, performance standards and sustainability of ports. The Bill ensures that all up-to-date conventions/protocols to which India is a party are also suitably incorporated.

Key Features Of The Bill Include

The Bill's Provisions

The Bill contains 95 sections as against 68 sections of the original Act by bringing in new provisions and making the new Act more comprehensive.

Maritime Port Regulatory Authority

The Bill provides for the formation of a Maritime Port Regulatory Authority (MPRA) consisting of a chairperson to be appointed by the central government and two members to be appointed by the central government as full-time members, which shall include one member (legal) and two members to be appointed by rotation from the coastal state governments.

Functions Of The MPRA

The functions of the MPRA shall be to advise the central government on matters relating to the national port policy and plan, formulate short-term and perspective plans for development of the port sector and co-ordinate the activities of the planning agencies for optimal utilization of the coastline of India, to make recommendations on the necessity, feasibility and viability of new and/or existing ports, assessing efficiency, economy, capacity and competitiveness of the existing ports/ facilities etc. The government may, after obtaining prior recommendation from the MPRA, determine (a) whether the Act shall be extended to any port in which the Act is not in force or to any part of any navigable river or channel which leads to any port and in which the Act is not in force; (b) specially extend the provisions of the Act to any port to which they have not been so extended; (c) withdraw the Act or any part thereof in which it is for the time being in force, fix and alter the port limits etc.

Adjudicatory Boards

The Bill envisages the setting up of adjudicatory boards by each state government. These adjudicatory boards will have powers to adjudicate any dispute relating to or connected with non-major, PPP concessionaires, state maritime boards, captive users or port officials or port users or port service providers or port. The appellate tribunal, for the purposes of the Act, is designated the adjudicatory board constituted under section 54 of the proposed Major Port Authorities Act, 2020.

State Maritime Boards

Every state government for a port other than a major port shall constitute, for the purposes of the Act, a maritime board for the state

In Focus

to be known as the state maritime board. The functions of the state maritime board shall be to initiate plans, execute works and generally to promote the use, development, and improve the functioning of non-major ports.

Areas Of Concern

The major areas of concern are in respect of powers given to the MPRA to recommend defining or altering port limits, fixation of tariffs etc which have hitherto been under the purview of the state governments in respect of non-major ports. While some central planning is essential to prevent haphazard growth of ports, such centralization should not impinge on the autonomy of the state governments which will have a direct bearing on the functioning of private ports in states.

The MPRA will also have powers inter alia to specify the model terms and conditions for different types of contracts entered into for the purpose of executing port activities, port operations, port services or port works, including those contracted out to third parties. It is not clear whether the contractual rates between the PPP operators in major and non-major ports and third-party service providers also come under the purview of the regulator. From the point of view of operational freedom for the PPP operators, there is a need to review such provisions.

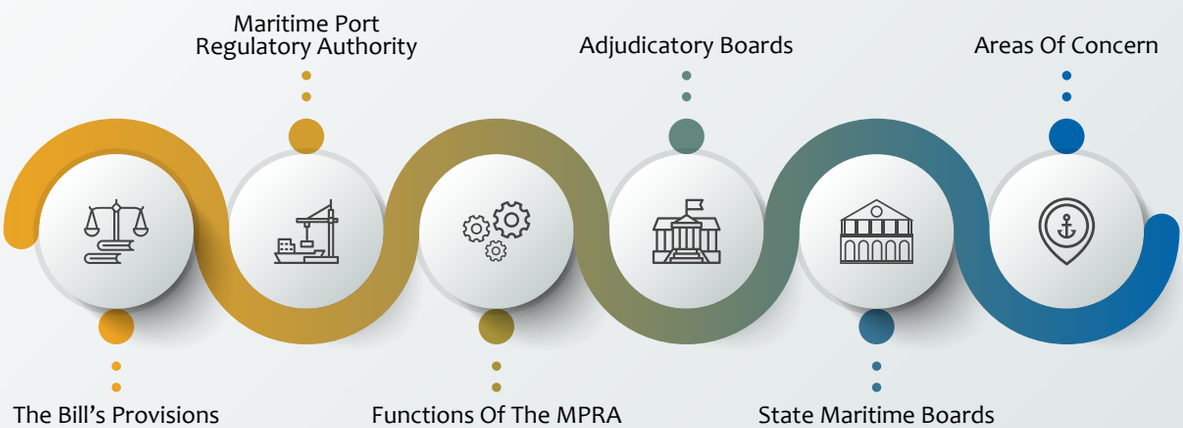
The MPRA will also have power to make such regulations or guidelines or directions, which shall be binding on the ports, port officers, port operators, port service providers etc. This gives the MPRA power to set regulations that are binding upon port operators which may interfere with the provisions of the concession /licence agreements. It needs to be ensured that concession / licence agreements made with PPP operators will continue as they are with no changes in the terms and conditions.

The Bill provides that an appeal shall lie against any order, other than an interlocutory order, of the appellate tribunal, to the Supreme Court. It is not advisable that any orders passed by the MPRA and the tribunal ought to directly be subject to the appellate jurisdiction of the Supreme Court of India. The Bill must provide that routine matters, including fixation of tariffs and / or other administrative issues in relation to any port (major or minor), should be subject to the appellate jurisdiction of the High Court under whose control the port is situated. The Bill may consider that matters of policy, including the introduction of new ports, etc., be subject to the appellate jurisdiction of the Supreme Court.

The port tariffs will be determined by each port subject to the supervisory control of the MPRA. It seems this provision is applicable to all the ports, including major ports. But the port charges related to major ports are governed by the Major Port Authorities Bill, which envisages giving tariff freedom to port operators. This contradiction needs to be removed and PPP operators should be given complete freedom in levying market-determined tariffs.

Having said that, the Bill is a welcome step in the right direction and will lead to uniform and sustainable development of ports in India, bringing in greater transparency, lower transaction costs and quality infrastructure ■

Features Of The Bill



In Conversation

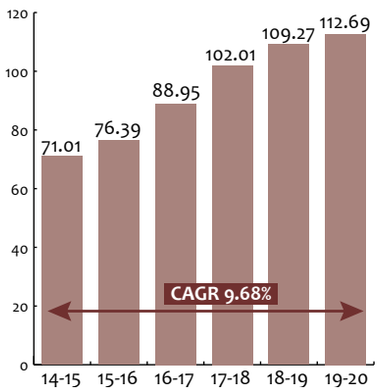
With Mr. RINKESH ROY, Ex-Chairman Of PARADIP Port

Q1. Congratulations for taking Paradip Port to new heights. To what do you attribute the secret of your success?

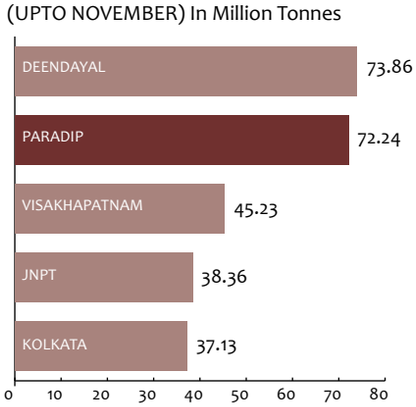
Ans: There is no single formula for success. However, I have focused on a few items. The first was to provide a vision for the port that all stakeholders, including the port officials, port users etc., could relate to. The targets were kept simple and achievable. The first target was to handle 100 MTPA of cargo. After we reached that, we set our target to become the No. 1 port in the country.

I also believe that the only way to find a solution to a problem is not to brush it under the carpet, but to work positively and proactively. Bigger challenges must be broken into smaller problems and resolved one step at a time.

Growth Story Of Paradip Port
In Million Tonnes



Major Ports Traffic in 2020-2021
(UPTO NOVEMBER) In Million Tonnes



An Alumni of Harvard University and National University of Singapore, Rinkesh completed his Masters in Public Management from the Kennedy School of Public Policy on a Lee Kuan Yew fellowship in 2013. He joined the Indian Railway Traffic Service (IRTS) in 1992 and has developed expertise in logistics, ports and rail operations and management, and strategic planning over the last 29 years. He has worked in leadership roles and in varied capacities and has a rich experience in the interface and working of Iron-ore mines, Steel Plants, Collieries, Power Plants and Port operations.

As Chairman of Paradip Port (2015-2020), and with additional charge as Chairman of Tuticorin Port, Kamrajar Port and Visakhapatnam Port for various durations, along with leadership roles as Chairman Dredging Corporation of India and Managing Director of Haridaspur Paradip SPV, he was instrumental in bringing about rapid transformation in the operations and management of these organisations leading to higher efficiency and productivity.

Q2. What are the future plans for sustainable growth at Paradip Port, including the development of the land bank owned by Paradip Port Trust?

Ans: The future plans for Paradip Port include the development of the western dock. This is akin to creating a new port within Paradip Port. The objective is to create a world-class infrastructure that can handle capesize vessels.

Thereafter, the plan is to expand the port into the Mahanadi River. This will meet needs of the port and

In Conversation

its hinterland for the next 50 years.

MAHANADI RIVERINE PORT
The New Rotterdam

PHASE - I

- Capacity: 22 MTPA
- No. of Berths: 4
- Cargo: Dry & Break Bulk, Fertilizer, Container
- Project Land: 175 Ha
- Estimated Cost: Rs. 2562 Cr. comprising
- Capital Dredging – Rs. 752 Cr.
- Quay and Terminal facilities – Rs. 308.02 Cr.
- Equipment/ Harbour crafts & aids – Rs. 557.55 Cr.
- Road & Rail Infrastructure – Rs. 332.25 Cr.
- Water Supply, Power, Ancillaries and Contingencies – Rs. 612.18 Cr.

PHASE - II

- Capacity: 31.75 MTPA (Total: 53.75 MTPA)
- No. of Berths: 2 (Total: 6)
- Cargo: Dry & Break Bulk, Fertilizer, Container
- Project Land: 125 Ha (Total: 300 Ha)
- Estimated Cost: Rs. 1500 Cr

Simultaneously, we need to implement the rail master plan, so that we can seamlessly evacuate the planned increased volumes.

Q3. The DFCs will be commissioned shortly. Do you think the Eastern DFC will be a game changer for east coast ports like Paradip?

Ans: The Eastern DFC will definitely add substantial line capacity. Paradip, with the commissioning of the Haridaspur line, will stand to gain a lot. However, the increased efficiency in evacuation has to translate ultimately to lower freight rates. This is something the Ministry of Railways has to think about.

Q4. Both Indian Rail and Indian ports are undergoing fundamental changes, including privatisation. What are your thoughts on the probable outcomes?

Ans: Privatisation is welcome if it leads to major efficiency gains. At Paradip Port, our coal and iron ore berths, operated by the port, have matched and often even outperformed private BOT terminals. In the end, it's the result that counts. Having said that, private funding of infrastructure is the need of the hour, which should be facilitated at all levels, including at policy and implementation levels. Then the onus is on the private sector to deliver the outcomes.

Q5. With the introduction of the Indian Ports Act 2020 and the upcoming National Logistics Policy, do you foresee changes in the way logistics in general and logistics infrastructure in particular will develop?

Ans: Logistics is increasingly becoming a one-stop solution or a single umbrella solution. Standalone terminals will find it increasingly difficult to survive if they do not move towards first-mile and last-mile connectivity. The regulatory changes will get rid of a lot of the baggage from the past, so that the regulations will be more suited to present day needs. Having said that, the fundamental shift in logistics towards single responsibility and single-price-basis landed costs will need to be addressed by private players using terminals, warehouses, and their road, rail and marine fleets. Having ownership of all the assets involved is not the only solution. Partnerships, consortia, leases etc. also need to be considered. However, having certainty of prices over the long term is what the customer wants and needs to grow their own

In Conversation

business. That's what they must have if this country is to progress.

Q6. The government of India has an ambitious Sagarmala project to move India towards a coastal economy. However, with our peninsular geography and the sea distance from the east coast to the west coast via Sri Lanka, do you see it working?
Ans: It is very doable. However, as I have explained before, it isn't if we operate on a standalone basis. Integrated logistics under a single control with one price quoted to customers will make the intermodal shift to coastal possible, despite the geographical challenges.

SAGARMALA PROJECTS - PARADIP
New Iron Ore Export Berth

SAGARMALA PROJECTS - PARADIP
Container Berth

SAGARMALA PROJECTS - PARADIP
Container Scanner

SAGARMALA PROJECTS - PARADIP
Haridaspur–ParadipRail Connectivity

SAGARMALA PROJECTS - PARADIP
Mechanisation of EQ1- EQ2 and EQ3
Berths on BOT basis

SAGARMALA PROJECTS - PARADIP
New Deep Draft Coal Import Berth
on BOT basis

SAGARMALA PROJECTS - PARADIP
Development of SIPC at Paradip

Q7. Please share with us some innovative or disruptive ideas or thoughts on the road ahead for the logistics sector.
Ans: I have always worked in logistics, whether in railways or ports. It is clear that we lose about 35–40 days per year due to the rains. This amounts to a capacity loss of about 10%, year after year. Is it so difficult to create and plan an infrastructure that can reduce this, to say about 5 days? We have to cope with flooding, washed-away roads and rail lines etc. Further damage due to water ingress into hatches, into warehouses and so on leads to further losses. With all the technological advances, surely solutions can be found. We need to break up the larger challenge into smaller problems, tackle them individually and solve them step by step ■

Weights & Measures

INDIAN Cotton Yarn – Trends And Insights

Indian Cotton Yarn Industry

India has the world's second largest spinning capacity after China, commanding a share of the global Cotton Yarn market – currently producing over 4700 Mn. Kgs of spun yarn of which over 3,400 Mn. Kgs is cotton yarn. Cotton Yarn accounts for nearly 73% of total spun yarn production. Indian Spinning Industry is the most modern and efficient in the world.

The world's most renowned Indian Cotton Yarns are available as greige, bleached, mercerized, gassed, twisted, dyed or an endless range of fashion yarns like mélange, stretch, blends, high twist and so on to meet the different applications in fashion, clothing, home textiles, hosiery, and industrial fabrics. India is the biggest producer of denim in the world with the world-famous brands like Arvind, Jindal, Aarvee, Pratap Spintex, Etco Denim, Raymond and so on.

Today, Indian cotton yarn is widely accepted in International markets as the exporters here regularly meet the needs of importers with unmatched efficiency and economy in countries like USA, Italy, Spain, Japan, China, South Korea, Taiwan, Bangladesh, Vietnam etc.

Greige Yarn | Bleached Yarn | Mercerized Yarn

Gassed Yarn | Twisted Yarn

Current Scenario Of Cotton Yarn

The lockdown caused by the COVID-19 pandemic in India and across the globe from mid-March 2020 has created negative impact on prices and production and thereof on the Yarn demand. Cotton yarn spinning sector is completely

India's Export Statistics for Cotton Yarn (Qty in Million Kilograms)

Country	April- March		% Share 2019-20	% Change 2019-20
	2018-19	2019-20		
World	1,258.94	957.31	100.00	-23.96%
China	464.98	241.32	25.21	-48.10%
Bangladesh	224.85	194.91	20.36	13.32%
Egypt	57.92	62.45	6.52	7.82%
Portugal	41.93	50.95	5.32	21.52%
Peru	40.05	46.92	4.90	17.17%
Vietnam	43.24	41.57	4.34	-3.85%
South Korea	41.39	31.95	3.34	-22.81%
Colombia	23.80	21.47	2.24	-10.21%
Sri Lanka	20.80	21.45	2.24	3.14%
Turkey	15.11	18.81	1.97	24.55%

Source: DGCIS/MOC

Weights & Measures

dependent on production and prices of cotton. Over the past few years, not only production of cotton decreased in India, but also its prices have increased. Cotton production in India has reduced from 398 lakh bales in 2013-14 to 357 lakh bales in 2019-20. Prices of raw cotton increased by over 10% during the same period. This has put considerable burden on the spinning industry. Price increase in cotton yarn has not been sufficient to match the increasing cost of raw materials and highly fluctuating cotton prices. India's domestic consumption of cotton yarn is well below its production and its exports are also declining (from 1,313.43 million kg in 2013-14 to 959.79 million kg 2019-20 at a CAGR of about (-) 3%). Both low domestic consumption and decline in exports are leading to surplus production of cotton yarn in the country, which is harming the spinning industry.

Value-wise, in 2019-20 the cotton yarn exports declined by 29.4 per cent to US $ 2,760.51 from US $ 3,895.52 in 2018-19. Bangladesh, China and Egypt remained the top three exporting countries for India. India shipped cotton yarn worth US $ 590.57 million to Bangladesh in 2019-20 (-20.03 per cent); US $ 590.57 million (down 53.92 per cent) to China and US $ 181.79 million (-1.11%) to Egypt. The share of Vietnam in China's total imports of cotton yarn has increased from 7.61% in 2009 to 36.66% in 2018, while that of India has increased from 7.75% to 21.74% during the same period. India also faces duty challenges in export markets vis-à-vis competing countries. Pakistan and Bangladesh levy higher rates of duty on Indian yarn, while they enjoy duty free or concessional duty access in India. India is lagging in cotton exports to major markets due to a duty disadvantage vis-a-vis Bangladesh, Vietnam and Pakistan. Countries like Bangladesh and Vietnam enjoy duty-free access in world's largest cotton yarn markets such as China.

Cotton Yarn And Global Scenario

The global cotton yarn market decreased by -2.8% to $ 77.20 B in 2019, after the prominent growth recorded in 2018 when the market value increased by 18% y-o-y.

Consumption By Country

The countries with the highest volumes of cotton yarn consumption in 2019 were China (8.1M tonnes), India (4.3M tonnes), and Pakistan (3.2M tonnes), together comprising 74% of global consumption. China remains the global leader in terms of cotton yarn production and consumption. The Chinese textile industry has experienced a rapid transformation over the last two decades. Thus, there was a boom in the synthetic yarn industry in China since the late 1990-s, while cotton yarn output remained relatively stable. Other countries with the highest volumes of cotton yarn production in 2019 include India (5.3M tonnes) and Pakistan (3.7M tonnes), with a combined 72% share of global production. Turkey, Vietnam, the U.S. and Brazil lagged somewhat behind, together comprising a further 16%.

Imports

In 2019, approx. 4.5M tonnes of cotton yarn were imported worldwide, which is down by -3.1% compared with the year before. The most prominent rate of growth was recorded in 2015 with an increase of 8.6% year-to-year. As a result, imports attained a peak of 4.8M tonnes. In value terms, cotton yarn imports dropped to $13.7B in 2019.

Global Cotton Yarn Imports - 2019

Country	Imports in tonnes
China	2 M
Bangladesh	248K
Honduras	230K
Turkey	200K
Russia	171K
South Korea	142K
Portugal	106K
Dominican Republic	106K
Hong Kong	103K
Vietnam	93K
Egypt	92K

Robust Domestic Demand

Looking at the increase in recent demand for yarn in the domestic market, a lot of small spinners who had closed during lockdown period have restarted their mills from October 2020. National Textile Corporation (NTC) have announced that they are restarting around 40% of their spindle capacity which has been idle since the lockdown. The present situation is only a temporary phenomenon and market forces will ensure that the demand-supply balance is restored in due course. Southern India Mills Association (SIMA) have sent an advisory to all Member Mills to ensure uninterrupted yarn supply to the knitting and weaving sectors and avoid undue volatility in prices ■

(To be continued in issue XXXIV)

Port Statistics

SHIPPING & CARGO PERFORMANCE

QUARTERLY UPDATES ON INDIAN MAJOR & MINOR PORTS (QTY IN MILLION TONNES)

OCTOBER - DECEMBER (IIIrd QUARTER) 2020 - 2021 / OCTOBER - DECEMBER (IIIrd QUARTER) 2019 - 2020 (QTY IN MT)

AGRICULTURAL PRODUCTS

	SUGAR		SOYAMEAL		WHEAT		RICE		MAIZE	
	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19
No. of Ships called	32	21	76	20	5	5	5	16	12	10
Total Cargo Handled	1.202	0.731	0.829	0.216	0.169	0.126	0.135	0.605	0.077	0.083
Import	0.417	0.411	0.829	0.216	0.169	0.126	0.135	0.605	0.000	0.000
Export	0.785	0.320	0.000	0.000	0.000	0.000	0.000	0.000	0.077	0.083

FINISHED FERTILIZERS & FERTILIZER RAW MATERIALS

	UREA		SULPHUR		ROCK PHOSPHATE		DAP		MOP	
	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19
No. of Ships called	96	88	14	15	60	63	32	35	49	23
Total Cargo Handled	4.468	3.973	0.366	0.451	1.998	2.239	1.432	1.390	1.509	0.798
Import	4.468	3.973	0.025	0.109	0.000	0.000	0.000	0.000	0.000	0.000
Export	0.000	0.000	0.341	0.343	1.998	2.239	1.432	1.390	1.509	0.798

COAL

	NON COKING COAL		COKING COAL		MET COKE		PET COKE		OTHER GRADES OF COKE	
	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19
No. of Ships called	759	752	320	252	20	22	43	59	23	16
Total Cargo Handled	55.438	56.249	17.042	13.636	0.544	0.696	1.920	2.205	0.458	0.285
Import	4.435	5.839	0.100	0.051	0.009	0.006	0.093	0.168	0.023	0.000
Export	51.003	50.410	16.942	13.585	0.535	0.689	1.827	2.037	0.435	0.285

OTHER BULK & BREAK BULK CARGO

	CEMENT		MINERALS		IRON ORE		STEEL PRODUCTS & PROJECT CARGO		GRANITE	
	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19
No. of Ships called	227	136	441	407	430	389	354	449	70	59
Total Cargo Handled	3.225	2.153	16.863	15.297	23.563	20.341	3.198	4.645	1.389	1.055
Import	1.644	1.117	4.397	4.975	17.585	14.821	1.987	3.024	1.389	1.055
Export	1.581	1.036	12.466	10.322	5.979	5.520	1.211	1.621	0.000	0.000

LIQUID CARGOS AND LIQUIFIED GASES

	CRUDE OIL & OIL PRD		CHEMICALS & LUBES		EDIBLE OIL & MOLASSES		ACIDS		LIQUIFIED GASES	
	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19
No. of Ships called	1317	1498	400	639	340	339	182	239	431	447
Total Cargo Handled	82.027	91.440	6.103	6.477	4.416	3.897	1.880	2.032	11.753	11.912
Import	18.339	24.772	2.245	2.665	0.285	0.163	0.000	0.000	0.148	0.132
Export	63.688	66.668	3.857	3.812	4.131	3.734	1.880	2.032	11.605	11.780

INDIAN PORT PERFORMANCE - Q3 & FY 2020 - 21 THROUGHPUT (QTY IN MILLION TONNES)

OCTOBER - DECEMBER (IIIrd QUARTER) 2020 - 2021 / OCTOBER - DECEMBER (IIIrd QUARTER) 2019 - 2020 (QTY IN MT)

Ports	Types of Ports	NO. OF SHIPS		LIQUID CARGO		BULK CARGO		CONTAINERS (TEUS)		TOTAL CARGO *	
		IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19	IIIrd Qtr'20	IIIrd Qtr'19
Kandla	■	683	650	3.803	3.898	9.591	8.635	145,915	110,159	13.394	12.533
Mumbai	■	397	517	6.945	9.498	1.169	1.357	-	-	8.113	10.855
Nhava Sheva	■	217	187	1.677	1.580	0.297	0.000	1,296,762	1,195,164	1.975	1.580
Mormugao	■	116	179	0.160	0.142	5.270	4.159	-	-	5.430	4.301
Mangalore	■	332	386	5.773	6.962	2.864	2.632	-	-	8.637	9.594
Cochin	■	187	189	5.523	6.293	0.547	0.415	193,402	153,897	6.071	6.707
Tuticorin	■	268	234	0.346	0.436	3.016	4.210	181,549	178,239	3.362	4.647
Chennai	■	206	204	3.027	3.424	1.348	1.043	391,967	329,384	4.374	4.467
Ennore	■	159	195	1.120	1.255	3.550	5.538	60,242	25,726	4.671	6.792
Vishakhapatnam	■	542	556	5.036	6.055	12.202	11.536	118,209	123,878	17.237	17.590
Paradip	■	454	548	8.321	9.452	16.203	20.208	4,492	-	24.525	29.660
Haldia	■	523	508	3.711	3.952	6.853	5.621	35,432	40,860	10.564	9.573
Kolkata	■	16	71	0.014	0.280	0.027	0.010	145,010	169,593	0.040	0.290
Gangavaram	■	129	128	0.000	0.000	9.572	8.225	-	-	9.572	8.225
Pipavav	■	111	120	0.169	0.193	2.330	2.094	199,269	230,794	2.499	2.287
Mundra	■	811	709	7.339	6.105	11.845	11.401	1,588,701	1,061,852	19.184	17.506
Dahej	■	160	181	5.677	5.898	2.341	2.335	-	-	8.018	8.234
Hazira	■	261	174	1.287	1.533	7.157	2.482	171,558	156,741	8.444	4.015
Navlakhi	■	49	44	0.000	0.000	2.810	2.481	-	-	2.810	2.481
Kakinada	■	200	213	0.787	0.936	3.218	2.983	3,560	4,420	4.005	3.919
Sikka	■	354	437	30.620	35.182	0.000	0.000	-	-	30.620	35.182
Vadinar	■	119	140	12.188	13.799	0.000	0.000	-	-	12.188	13.799
Krishnapatnam	■	201	203	0.482	0.406	7.364	8.346	84,455	141,897	7.846	8.752
Kattupalli	■	14	9	0.010	0.000	0.087	0.079	152,610	181,617	0.097	0.079
Bhogat	■	7	7	0.562	0.514	0.000	0.000	-	-	0.562	0.514
Total Vessel Calls at all ports		**6,516**	**6,789**	**104.574**	**117.793**	**109.663**	**105.788**	**4,773,133**	**4,104,221**	**214.237**	**223.581**

■ Major Port ■ Non-Major Port

* Total Cargo Includes Liquid Cargo , Bulk Cargo and Other Cargoes and Excludes Containers

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