AMTOI NEWS

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Resurgence 2021

AMTOI
CATALYSING MULTIMODALISM

ASSOCIATION OF MULTIMODAL
TRANSPORT OPERATORS OF INDIA

AMTOI

AMTOI, The Association of Multimodal Transport Operators of India, was formed with the object of organizing Multimodal Transport Operators at the national level and improving the quality of their services. The members of the Association are Multimodal Transport Operators registered with the Directorate General of Shipping, Mumbai under the Multimodal Transportation of Goods Act, 1993 which also includes some associate members like CFS operators, tank container operators etc.

The Association is a non-profit making body registered under the Indian Companies Act and is managed by the Managing Committee comprising of 7 members elected by the Operator members. The Committee is assisted by a Board of Advisors consisting of the representatives of Government / Public Sector Organizations. Also, it has various trade association representatives on its extended board and is thus likened to an apex body.

As a unique initiative, AMTOI has set up a forum called the Grievance Redressal Forum (GRF). The objective of this Forum is to create a platform for dispute resolution and thereby addressing grievances of the members of the trade.

The Association has a two-tier membership – Ordinary members who are registered as MTOs and Associate members who are not MTOs themselves but who are involved in operations connected with multimodal transport. The Associate members are not eligible for voting rights or contest in the Elections.

The Association from time to time has made suggestions for the consideration of Government and in fact the suggestion for amending the Multimodal Transportation of Goods Act and for adopting other related measures.

AMTOI has been able to secure representation on Government bodies like the Standing Committee on Promotion of Exports, (SCOPE Shipping and SCOPE Air), Task Force on Multimodal Transport and various other forums of the Ministries of Shipping, Commerce & Finance of the Government of India. The Association is also a member of the International Multimodal Transport Association based in Geneva and has thus acquired international recognition.

For the benefit of its members, regular training courses are conducted be it on tax issues, insurance or other such related subjects.

An awaited event of the year is the MULTIMODAL DAY or an AMTOI DAY which the Association organizes as an 'Annual Day' for the last many years wherein the entire shipping fraternity of Shipping Lines, Ports CFS operators, Freight Forwarders, NVOCC's, CHA's, Airlines, Government authorities in addition to MTO's come together to network and interact with each other under one roof.

Members are kept abreast of the happenings in the industry by MULTIMODAL TIMES or AMTOI Newsletter which is published as a quarterly magazine currently and we hope to graduate into a monthly publication which will attempt to capture critical issues that are close to the industry and along with opinions of the industry leaders.

Lastly, keeping abreast with the advancing technologies, AMTOI continuously improvises its website and offers tools for various industry players to come together and thus endeavoring to be a leader in its class.

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CATALYSING MULTIMODALISM

ASSOCIATION OF MULTIMODAL TRANSPORT OPERATORS OF INDIA

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MANAGING COMMITTEE MEMBERS 2020-21

Mr. Shantanu Bhadkamkar President	**Mr. Xerrxes Master** Vice President
Mrs. Anjali Bhide Hon Secretary	**Mr. Arun Kumar** Hon Treasurer
Mr. George Abrao Managing Committee Member	**Mr. R.K. Rubin** Managing Committee Member
Mr. Ravindra Gandhi Managing Committee Member	**Mr. Vivek Kele** Ex-Officio
Mr. Nailesh Gandhi Immediate Past President	**Mr. T Venkataraman** Special Invitee – Managing Committee Member
Mr. Haresh Lalwani Special Invitee - Managing Committee Member	**Mr. Tushar Jani** Advisor
Mr. Anand Sheth Advisor	**Mr. Shashi Tanna** Advisor
Mr. Sailesh Bhatia Advisor	**Mr. Vasant Pathak** Convenor Western Regional Chapter
Mr. Sam Katgara Co-Convenor Western Regional Chapter	**Mr. Prashant Popat** Co-Convenor Western Regional Chapter
Mr. Devpal Menon Convenor Northern Regional Chapter	**Mrs. Priya Thomas** Co-Convenor Northern Regional Chapter
Mr. Biju Sivakumar Co-Convenor NVOCC Council	**Mr. Shankar Shinde** Western Regional Chapter - Mentor
Mr. Tarun Sharma Northern Regional Chapter - Mentor	**Mrs. Mrunal Tanna** Women Wing – Convenor
Mr. Deepak Ramaswamy Convenor Southern Regional Chapter	

AMTOI EXTENDED BOARD MEMBERS – TERM 2020-2021

The Air Cargo Agents Association Of India (ACAAI)	Federation Of Freight Forwarders' Associations In India (FFFAI)
Association Of Container Train Operators (ACTO)	CFs Association Of India (CFSAI)
Indian National Shipowners' Association (INSA)	Federation Of Ship Agents Association Of India (FEDSAI)
Indian Private Port & Terminals Association (IPPTA)	Icc Shipping Association (ICCSA)
Container Shipping Lines Association (CSLA)	Air Cargo Forum India (ACFI)
Maritime Association Of Nationwide Shipping Agencies-India (MANSA)	National Association Of Container Freight Stations (NACFS)
Women's International Shipping & Trading Association (WISTA)	All India Transporters Welfare Association (AITWA)
Consolidators Association Of India (CAI)	

MTO MEMBERS / REGULAR MEMBERS (The new members added from January 2020 to December 2020)

Name Of Entity	AMTOI Membership No.		Type Of Membership	Date Of Admission To AMTOI	Location
ALPHA SEA & AIR PVT. LTD	AMTOI/Mem/315/Jan/2020	MTO/DGS/1612/July/2020	MTO Membership	08.01.2020	New Delhi
SKY LOGITRANS PRIVATE LIMITED	AMTOI/Mem/316/Jan/2020	MTO/DGS/2116/Nov/2022	MTO Membership	08.01.2020	New Delhi
INEXT LOGISTICS & SUPPLY CHAIN PVT. LTD	AMTOI/Mem/317/Jan/2020	MTO/DGS/1444/July/2021	MTO Membership	08.01.2020	New Delhi
SMERA LINES LLP	AMTOI/Mem/318/Jan/2020	MTO/DGS/1607/July/2022	MTO Membership	08.01.2020	Maharashtra
SEAPORT LINES (INDIA) PVT. LTD	AMTOI/Mem/321/Feb/2020	MTO/DGS/1309/Jul/2020	MTO Membership	05.02.2020	Tamil Nadu
JETSPEED LOGISTICS PVT. LTD	AMTOI/Mem/320/Mar/2020	MTO/DGS/1303/May/2020	MTO Membership	04.03.2020	Maharashtra
GRACE WORLDWIDE MOVERS PVT. LTD	AMTOI/Mem/322/Mar/2020	MTO/DGS/836/Jun/2021	MTO Membership	04.03.2020	Maharashtra
SEAHAWK LOGISTICS PVT. LTD	AMTOI/Mem/323/Mar/2020	MTO/DGS/451/Jul/2020	MTO Membership	04.03.2020	Maharashtra
CTL LOGISTICS (INDIA) PVT LTD	AMTOI/Mem/324/Mar/2020	MTO/DGS/1802/Feb/2021	MTO Membership	04.03.2020	Maharashtra
EPITOME LOGISTICS LLP	AMTOI/Mem/325/July/2020	MTO/DGS/1979/Jan/2022	MTO Membership	01.07.2020	Maharashtra
DEUGRO PROJEDEUGRO PROJECTS INDIA PVT. LTD	AMTOI/Mem/326/Aug/2020	MTO/DGS/827/Nov/2021	MTO Membership	05.08.2020	Maharashtra
FREYER INTERNATIONAL LOGISTICS PVT. LTD	AMTOI/Mem/329/Nov/2020	MTO/DGS/2177/Feb/2023	MTO Membership	10.11.2020	Tamil Nadu
SAP GLOBAL LOGISTICS	AMTOI/Mem/330/Nov/2020	MTO/DGS/1599/Aug/2020	MTO Membership	12.11.2020	Maharashtra
FREIGHT CONSOLIDATORS (MADRAS) PVT. LTD	AMTOI/Mem/331/Dec/2020	MTO/DGS/2181/May/2023	MTO Membership	03.12.2020	Tamil Nadu
MEO INTERNATIONAL LOGISTICS INDIA PVT. LTD	AMTOI/Mem/332/Dec/2020	MTO/DGS/1578/Jun/2022	MTO Membership	08.12.2020	New Delhi

ASSOCIATE MEMBERS (The new members added from January 2020 to December 2020)

Name Of Entity	AMTOI Membership No.	Type Of Membership	Date Of Admission To AMTOI	Location
MOVEX SERVICES PVT. LTD	AMTOI/ASM/074/Feb/2020	Associate Member	05.02.2020	New Delhi
AEROTRANS GLOBAL FORWARDING INDIA PVT. LTD	AMTOI/ASM/075/Feb/2020	Associate Member	05.02.2020	Tamil Nadu
ENTRUST SHIPPING SERVICES PVT LTD	AMTOI/ASM/075/Mar/2020	Associate Member	04.03.2020	Maharashtra
LEGEND LOGISTICS (INDIA) PVT. LTD	AMTOI/ASM/076/Mar/2020	Associate Member	06.05.2020	Maharashtra
ASJS SERVICES PVT. LTD	AMTOI/ASM/077/Aug/2020	Associate Member	05.08.2020	Maharashtra
BAY AREA TERMINAL LLP	AMTOI/ASM/078/Aug/2020	Associate Member	05.08.2020	Maharashtra
JWC LOGISTICS PARK PVT. LTD	AMTOI/ASM/079/Aug/2020	Associate Member	05.08.2020	Maharashtra
RTW GLOBAL LOGISTICS	AMTOI/ASM/080/Aug/2020	Associate Member	05.08.2020	Maharashtra
VARTI IMPEX PVT. LTD	AMTOI/ASM/081/Sep/2020	Associate Member	02.09.2020	New Delhi
VISHAL SHIPPING AGENCIES PVT. LTD	AMTOI/ASM/082/Oct/2020	Associate Member	08.10.2020	Maharashtra
SMOOTH CARGO MOVERS PVT. LTD	AMTOI/ASM/083/Oct/2020	Associate Member	14.10.2020	Uttar Pradesh
VSL LOGISTICS SOLUTIONS PVT. LTD.	AMTOI/ASM/084/Dec/2020	Associate Member	19.12.2020	West Bengal

IMPORTANT ACTIVITIES – AMTOI MANAGING COMMITTEE

- 1ST October 2020, Mr. Wilfred Menezes from WRC attended Port Customers virtual meeting chaired by Chairman JNPT / MBPT

- 6th October 2020, Mr. Tushar Jani attended a virtual event "Enabling PPPs (Series 1)" - organized by India Infrastructure Forum 2020

- 9th October 2020, President Mr. Shantanu Bhadkamkar attended a virtual event **Containers India 2020 – Organized by Maritime Gateway.** He was moderator for the topic "Coping with Covid 19: Lessons learnt and adopting to New Normal" at the event"

- 21st October 2020, AMTOI Dialogues Series 1 – Session 3 was held. Mr. Dinesh Lal was the guest speaker at this virtual event and he spoke on the topic "**My journey as a professional and an owner**". The session was well moderated by AMTOI Vice President Mr. Xerrxes Master

- 29th October 2020, virtual meeting was held with Team from Ministry of Skill Development and Entrepreneurship (MoSDE) to discuss on the topic "MoSDE-ILO Skill Development Study". AMTOI was represented by Ms. Priya Anil Thomas, Mr. Arun Kumar & Mr. Haresh Lalwani

- 30th October 2020, AMTOI Women's Wing organized a virtual presentation on the topic "WHAT YOUR FAMILY MUST KNOW"- an overview of important financial/ general information that a family must know. The topic was presented by Ms. Sonal Gandhi - A professional Cost Accountant who has been managing a family office and investments for the last 25 years who shared her valuable thoughts, ideas and experiences. The session was moderated by AMTOI Vice President Mr. Xerrxes Master

- 7th November 2020, President Mr. Shantanu Bhadkamkar attended the virtual event "**Succession Planning for Family-Owned Business" organized by** Emkay Wealth Management & Equations Advisors Pvt Ltd. where he was one of the panel speakers at the session

- 10th November 2020, President Mr. Shantanu Bhadkamkar attended virtual **National Interactive meet – Organized by FICCI.** Meeting was to have an informal interaction with the Presidents / SGs of their member bodies and understand the major issues and problems that we are facing today

- 11th November 2020, AMTOI WRC organized a webinar event on the topic "**An Introduction to Trade Credit Insurance**". The speaker for the session was Mr. Suresh Khairwar – MD of Intl Risk Consultant Insurance Brokers Pvt Ltd and was moderated by Mr. Wilfred Menezes. We had 40 participants for this session

- 17th and 18th November 2020, AMTOI supported the virtual event **Asian Logistics Maritime and Aviation Conference (ALMAC).** Vice President Mr. Xerrxes Master was **Guest Speaker** for MarketTalks, elaborating on the topic **India Logistics Update – On the Way to Excellence**

- 19th November 2020, AMTOI LLC organized a Knowledge Session on "ISO Tank Containers – Shippers and Consignees". The topic was presented by Mr. Haresh Lalwani and was a hugely successful session attended by 130 participants

- 19th November 2020, Hon Treasurer Mr. Arun Kumar attended **13th Meeting of All India Customs Consultative Group called by DGEP chaired by Member Customs**

- 25th November 2020, AMTOI Dialogues Series 1 – Session 4 was held. Mr. Shashi Kiran Shetty, Chairman All Cargo Logistics Ltd was the guest speaker at this virtual event and he spoke on the topic "**How an Entrepreneur's Ingenuity built India's first Global Logistics Co. – Part 1**". The session moderated by AMTOI Vice President Mr. Xerrxes Master

- 25th November 2020, AMTOI supported the virtual event conducted by **ASCENT eConclave,** topic was "**Rebuilding with Grit**"

- 2nd December 2020, Ms. Priya Thomas from NRC attended the **ACFI Extended Board Meeting**

IMPORTANT ACTIVITIES – AMTOI MANAGING COMMITTEE

- 3rd December 2020, **Virtual meeting organized by FICCI with Shri Pawan Kumar Agarwal, Special Secretary Logistics on National Logistics (Efficiency, Advancement, Predictability, and Safety) Bill, that the Central Government may recognize and authorize, any association or body of individuals consisting of members engaged in providing logistics services, as a Recognized Logistics-related Associations (RLAs).** President Mr. Shantanu Bhadkamkar and Hon. Treasurer Mr. Arun Kumar attended the meeting

- 9th December 2020, President Mr. Shantanu Bhadkamkar attended the virtual event, **Port Business - Fueling Growth of Indian Economy through Atmanirbhar.** The event was organized by CII Southern region and he was one of the panel speakers at the session on "**Stakeholders expectation and industry's perspective post Covid**"

- 10th December 2020, AMTOI Dialogues Series 1 – Session 4 was held. Mr. Shashi Kiran Shetty, Chairman All Cargo Logistics Ltd was the guest speaker at this virtual event and he spoke on the topic "**How an Entrepreneur's Ingenuity built India's first Global Logistics Co. – Part 2**". The session moderated by AMTOI Vice President Mr. Xerrxes Master

- 11th December 2020, virtual **Annual Business Convention of FICCI.** From AMTOI this was attended by Hon. Secretary, Hon. Treasurer and Mr. Tushar Jani

- 16th December 2020, **Stakeholders meeting for discussion on Multimodal Logistics Facilities and Parks with Special Secretary Logistics**. The meeting was held virtually and was attended by President Mr. Shantanu Bhadkamkar and Vice President Mr. Xerrxes Master

- 18th December 2020, Maritime Gateway, premier business magazine in shipping & logistics, in association with National Association of Container Freight Stations and Container Freight Station Association of India had organized this webinar on **Sustainability of CFSs & ICDs in Post-Pandemic Era.** President Mr. Shantanu Bhadkamkar was one of the panelist speaker on the topic "**Re-Engineering Business Model**"

- 22nd December 2020, PHD Chamber of Commerce and Industry, New Delhi had organized webinar **Virtual Logistics Conclave.** President Mr. Shantanu Bhadkamkar was one of the panelist speakers on the topic "**Roadmap to make India as a Global Logistics Hub**"

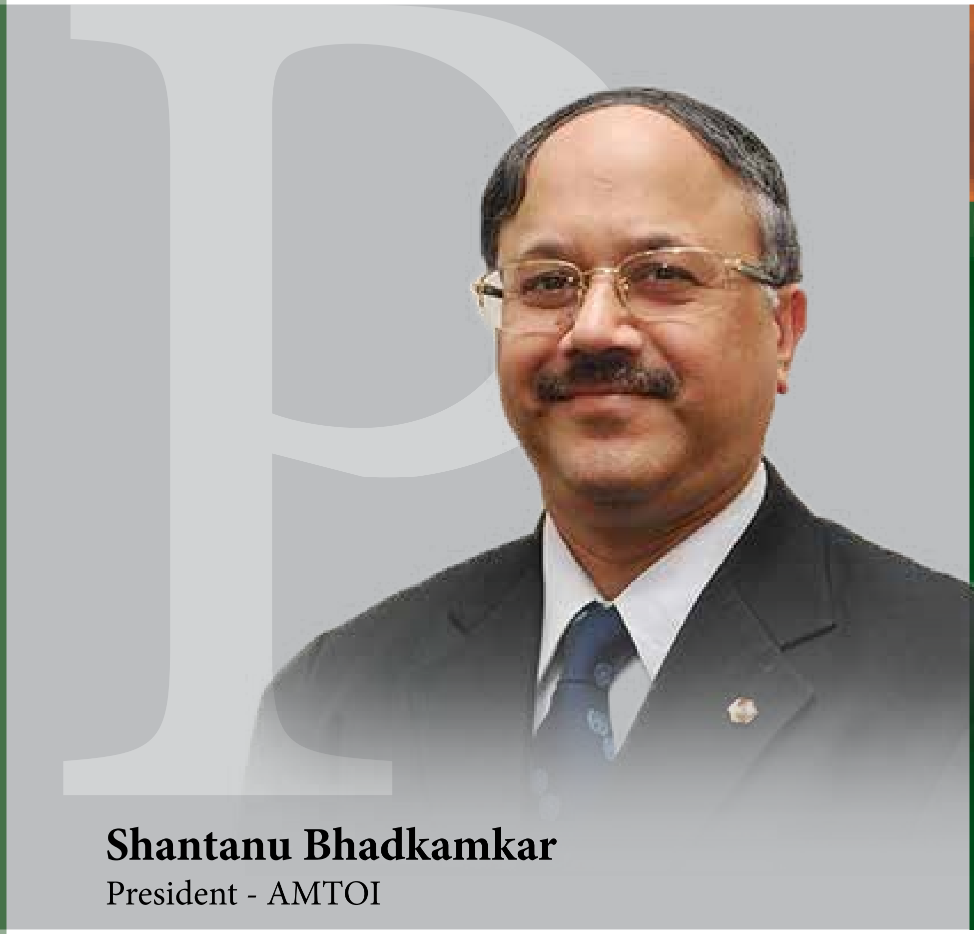
- 23rd December 2020, Indian Chamber of Commerce and had organized webinar **The Multimodal Logistic Transport E Conference.** President Mr. Shantanu Bhadkamkar was one of the panelist speakers on the topic "**Supply Chain Resilience**"

- 24th December 2020, President Mr. Shantanu Bhadkamkar attended the virtual meeting of **6th Annual General Body meeting of Logistics Sector Skill Council, Chennai**

- 28th December 2020, **Ministry of Ports, Shipping and Waterways (MoPSW) through Sagarmala Development Company Limited (SDCL)** conducted a virtual meeting to discuss on EOI for Ro-Ro, RoPAX, PAX, Cruise operation and Coastal Shipping on the various identified O-Ds pairs. VC was chaired by Mr. Dilip Kumar Gupta, MD of Sagarmala Development Company Limited (SDCL) and was attended by Mr. George Abrao, Mr. R.K. Rubin, Mr. Sam Katgara and Mr. Vasant Pathak from AMTOI

- **29th** December 2020, President Mr. Shantanu Bhadkamkar attended the virtual **Federation of Indian Logistics Associations (FILA) 2nd AGM**

FROM THE PRESIDENT'S DESK

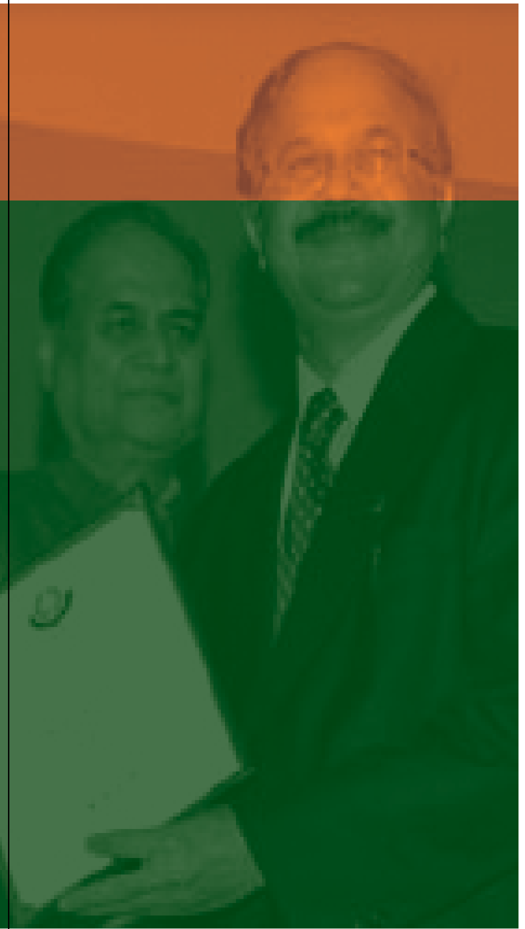


Shantanu Bhadkamkar
President - AMTOI

LIFE IS FULL OF SURPRISES:

New opportunities come up; that's part of the fun - the adventure of life. The thing is, chaos doesn't allow us to enjoy the adventure. If you could get all the people in the organization rowing in the same direction, you could dominate any industry, in any market, against any competition, at any time.

-Patrick Lencioni, Author: The Five Dysfunctions of a Team; Founder President: The Table Group



Dear Members,
Season's Greetings and a Happy New Year 2021!

We are on the threshold of a new ERA. Call this era as Post-COVID Era or Work From Home (WFM) Era or Digital Era or I4.0 era or post agricultural liberalisation era or by any other name. A lot has been spoken and even more written about COVID 19; Shortage of space, shortage of equipment; all-round increase in cost, fees, surcharges, exchange rates (even in South America)…; damages or punitive pecuniary measures like increase in ground rent, increase in the detention tariff and reduction in detention free period. I will try to avoid discussing on oft-repeated topics, but reference to a couple of them is inevitable.

The beginning of a new decade (You Can Celebrate Twice: [i] Welcome the twenties on January 1, 2020 & [ii] celebrate the start of the 203rd decade at the midnight on January 1, 2021!) is the time to take stock of many aspects of the vision and goals of a national, particularly of Aspirational India. It will be a decade to look back and see what we have achieved since our Independence in 1947: to rethink on how to fulfil our unfulfilled dreams & to think big, really big, building on our successes of the past. We will deal with it in the next issue. Being at the cusp of a new era, we will take stock of five dominant developments or themes of discussions at the end of the decade.

Ocean Freight Rates:

Ocean freight rates for Containerised Cargo for sailings out of India have surged by up to 67% over the past few months. The reasons attributed to it by the shipping lines relate to drop in the imports leading to acute shortages of inventory of containers and blank sailings leading to depletion of available slots. However, it is only a one-sided version; no authority has conducted a thorough study of the forces at play. Even for a most naïve person, it is difficult to ignore the inconsistencies in this narrative. The free market economy requires that the forces of competition in the market operate without restraint. It is essential to counter to the forces monopoly, oligopoly & cartelisation to enable Free-market competition. This can happen sooner by government intervention; however, it can also occur with time without any external intervention. The Cartel Theory of Oligopoly explains, cartels are difficult to maintain (Collusive Oligopoly or Cartel Model shows that in the real world is that there is always a temptation for the participating firms to act contrary to the agreement, this is particularly so when demand starts to drop, due to high costs or otherwise).

Regulation of Ocean Freight Rates:

Indian Exporters and even more so the Importers had very little bargaining power in the past to negotiate the freight rate and other contractual terms; post-consolidation and further post COVID, it's even less. Besides, they have very little understanding and even less inclination to study in-depth the structure of the sector and the forces driving the freight rates and shortage of space and containers.

While their challenges and concerns need to be addressed, the solution doesn't necessarily lie in their suggestion to regulate the freight rates. Regulations, particularly those concerning the commercial aspects of the business are counterproductive, increase the cost of doing business and impairs free-market competition. Over-regulation leads to regulation fatigue, and it leads to the creation of entry barriers and withdrawal of existing players leading to further proliferation of monopoly or oligopoly. What the government needs to regulate is the governance standards and fair business practices, mainly to ensure that the free market forces are in play and there's adequate competition and reasonable choice to the customers, viz importers, exporters & freight forwarders. The empirical evidence establishes that the regulations are ineffective for growth and cost-efficiency.

Astronomically High Demurrage and Detention:

The US Federal Maritime Commission (FMC) has produced detailed and reasoned analysis as to the identification of what have most likely been for years, an unjust and unreasonable practice. These findings and conclusions have broader applicability to the rest of the world, noting that demurrage and detention is a common and widespread topic of contention. The Governments all over the world need to have a detailed study with greater scrutiny about the practices for collection of ground rent, demurrage, detention and all such penal pecuniary practices imposed on the customers by the vendors to ensure that they are considerate and reasonable for the good of their own economies.

Book Two Weeks In Advance:

The carriers, for better capacity planning & ensuring full utilisation of space, are insisting on advance booking. There's a good chance that they are going to insist on advance booking of cargo and penalty for shipment that does not turn up, even in post-COVID 19 era. Like passengers, they'll charge a premium for an eleventh-hour booking. They have already started charging for no show.

Logistics Cost In India:

In India, "the logistics cost as a percentage of its GDP stands at 14%; this cost is pretty high compared to the similar cost in the US (9.5%), Germany (8%) and Japan (11%)", is the opening remark at the beginning of every speech on the logistics sector. Not one person, who says this had studied the components of the logistics costs and computation thereof. Both the content and the conclusions for the way forward of the discourse are stereotypical and mechanical. In a sector that is as diverse as logistics, a shotgun method is destined to fail, for improving the efficiency and reducing the cost, it is essential to deep understanding and skill for targeted delivery of a surgical strike. It is therefore crucial to Institute serious research in each segment of the logistics sector for reducing costs and preventing the waste of National resources. This includes a study of detention of trucks in Indian factories (to our knowledge it is the highest in the world), high incidence of taxes and tolls in this sector, revenue share based PPP models that convert government monopoly to private monopoly.

We are on the cusp of the digital revolution, popularly known as the I4.0 or the Fourth Industrial Revolution, the asset free and asset-light Logistics Services are increasing getting location autonomous and language liberated.

In the next issue, we will take stock of questions for the next decade: 2021 – 2030.

So I think instead of focusing on the competition, focus on the customer.

- Scott Cook, American billionaire businessman, co-founder of Intuit

WHAT A YEAR IT HAS BEEN!!!

For the first time words failed me on how to begin this editorial with the un – expected start to 2020 which has thrown the world into unheard, unforeseen global crises which will have far itching implications on all of us for many more years to come. For the first time in our generation we are seeing what it is to have a true global crises and a situation akin to war.

Xerrxes Master
Vice President - AMTOI

The dark clouds started emerging in December 2019 itself but no one could gauge at that juncture the far reaching implications it would have in the 1st quarter of 2020. As we all know this virus had originated in the city of Wuhan in the Huawei province of China who initially in the last days of 2019 tried to suppress the information and the clarity of the situation from the world. Once it spiraled out of control China imposed unprecedented measures building hospital in 10 days, instituting a lock down for almost 60 millions citizens and stringent restrictions for 100 of millions of others in order to combat the spread. Some say it was too late already as it gradually spread to neighboring countries like South Korea, Japan, the Far East and then onwards to Iran, Spain, Italy, France, Germany, UK and the US. The spread and impact are more on these countries rather than China alone. China, miraculously seems to have turned the corner!!!

It was only matter of time before it hit Indian shores. What we saw was perhaps the largest lockdown in history as far as population was concerned and the world's second most populous nation virtually shut down for 5 weeks completely. Unfortunately, although it may have slowed the spread to a certain extent it failed to stop it completely and its been 9 months now and the nation is limping back to normalcy. Many people have suffered immensely not only due to the pandemic but also economically. The airline and hospitality businesses have been battered beyond comprehension. For the first time in living memory the Indian economy has contracted for two straight quarters!!

In the first quarter of 2020 the US economy was going through a sunny phase with unemployment at a 50 year low, strong wage levels and high optimism among small business until Covid-19 struck. This has forced the US government to roll out doles of USD 1000 per citizen in order to ensure the well-being of the minorities and low income group who will be hit the hardest. USA is the country which has been hit quite hard by the pandemic and the people have spoken their verdict by removing the present incumbent President who at the beginning of the year looked like a sure shot winner!!! Such are the vagaries of the world.

The world's factory China was hit badly with the National Bureau of Statics of China releasing a report showing 13.5 % decline in industrial output over the 1st 2 months of the year. Factories and business around China were locked down for the 1st quarter to curtail the spread of virus. The method has indeed been successful to stop the spread with China but the impact of the halt in production will be felt global. Roughly 5 million people lost their jobs in first 2 months of 2020. Similar impact is felt world over especially in Italy , France, UK Iran who had been the hardest hit. Huge rescue packages have to be arranged by their respective governments to kick start the economy once the virus is brought under control.

As far as India is concerned, India is facing a huge economic tsunami as a fallout of Covid- 19. This include:-

a). Loss of income as people lose jobs

b). Fall in exports due to global shutdown

c). Production disruption in many sectors

d). FY21 GDP growth will decline.

The Government will have to take more steps in:

a). Providing a big fiscal stimulus.
b). RBI to step in to bring in liquidity into the market.
c). Tax relief to the troubled sectors.
d). Reduction in interest to boost consumption.
e). Spend more on project under implementation.
f). Step up funds for health care.
g). Help small assemblies and un-assemblies who will be hardest hit as many business had to send workers home.
h). Business should be asked to protect jobs with government support.
i). Assist companies in paying salaries to the workers for the period and share their burden
j). One-time cash transfer to the person below the poverty line as many workers in the non-organized sector will face loss of income.
k). RBI can cut interest rate sharply.
l). Get liquidity moving to NBFC's to ensure lending on the ground.
m). Ease assets classification, capital norms.
n). Provide relief on loan services.
o). According to the economic experts these funds can easily be arranged as Rs 1.12 L cr is how much we can collect as half a percentage point relaxation in fiscal deficit target can release.
p). Rs 65k cr can be shored up if there is an increase of Rs 5 per liter in tax on fuel.

The Indian Govt has rolled out various stimulus packages based since the beginning of the pandemic but sadly none have had the desired impact.

India will be the 10th most impacted economy due to supply chain disruption in China according to the UNCTAD estimates. Asia 3rd largest economy will set to lose steam as travel curbs, closure of mall, Theaters and education institute leave to a un –precedent slowdown of our once robust economy.

The Aviation sector has been the hardest hit with 75 % drop in international bookings and 20 % domestic bookings. Most airlines have their staff to go on leave without pay and some have shut operations completely.

With the World health Organisation declaring Europe to be new epicenter of Covid -19 outbreak, export to European Union which is India's largest export destination are bound to be affected.

Other countries affected such as Italy and Germany are also going slow. Job losses mainly in labour intensive sectors are already happened.

Our Logistics and Shipping industry will also not be spared. The biggest current impact is on space and container availability throughout the year. This has resulted in unprecedented freight rate increases and the liners are making thumping profits but the shippers and the LSP's will naturally suffer. The Govt. has been forced to step in to ensure regularity of freight rates to ensure parity of trade.

Cargo tonnage at major public ports at India will fall short of government expectations for the fiscal year 2020-21 and will be felt in corresponding financial year as well.

Many industries like chemicals, dyes and pigments, pharmaceuticals, textiles, electronics, auto, etc. could witness short-term supply disruptions due to disruption in production in China. In turn, the reduced economic activity could result in a slowdown in bulk consumption and also affect bulk imports like coal, crude, etc. The impact of this will lay out in first two quarters of 2021.

The auto industry will also be impacted greatly due to disruption in spare parts from production center such as China etc.

Rice exports to Iran has already come to a halt.

One of my colleagues who is a large Logistic Service Provider (LSP) says he fears that his existing clientele who have a huge outstanding exposure with him may not be able to pay up due to the disruption in production . This story could be replicated across with many of us which may ultimately result in quite a few shutting shop eventually. This can also be a golden opportunity for India to takeover from China as the factory of the world. Its already happening!!!

Whilst this is definitely and un-precedent situation, I feel it has given us much food for thought on how to charge our life and business ahead. I sometime feel that this is signal from the heavens above to slow down and smell the roses. The world was caught up in too much of a rat race. We have to focus on what not only good for our business but our planet earth in general. Growth at the cost of future generations is short sighted and myopic in nature. We have to bunker down right now and let this impasse go by us. It's a question of a few months now hopefully as the UK rolls out the first vaccine to stem this crisis followed closely by the US. They have taken a bold decision basis their economy and populations well-being. Its still going to take the first half of 2021 to get back to near normalcy and we just have to wait it out.

Government stimulates packages if rolled out prudently can result once again in an economic boom which was much needed in anyway. I foresee a great silver lining once this is over. However it should not be an overnight boom but slow, gradual, solid, recovery based on sound economic principles and transparency. The world has to work together and not country wise to ensure that we all come out of this conundrum.

For 2021 I can only wish you a happy, healthy and safe new year. In the end that's all what matters.

As a wise man once said "this too shall pass…."

NRC

Priya Anil Thomas
Co-Convenor - AMTOI
{Northern Region Chapter}

Northern Region Chapter Report

The Pandemic had introduced a new way of learning – the "Virtual Webinars". AMTOI took this opportunity and through its Northern Region Chapter and organized many successful Knowledge Sessions for its members and for the Industry.

Some of the topics covered during the past few months had eminent speakers who were well versed with their topic. Details of the same as are under -

Topic	Speaker
Living with Covid	Mr Sandesh Mestry
Customer Retention and Sales during Covid	Mr Mandeep Sodhi
eSanchit and Faceless Customs (Jointly with FFFAI)	DR MG Thamizh Valavan
Letter of Credit and Transport Documents With Specific Reference to UCP 600 and Incoterms 2020	Professor K Parameswaran
Liabilities of the Logistics Service Provider for Abandoned Cargo, Misdelivered Cargo & E-Bill of Lading	Ms Victoria Simpson Mr Ashwin Shankar Mr Anand Sheth Mr Shailesh Bhatia Mr Shantanu Bhadkamkar

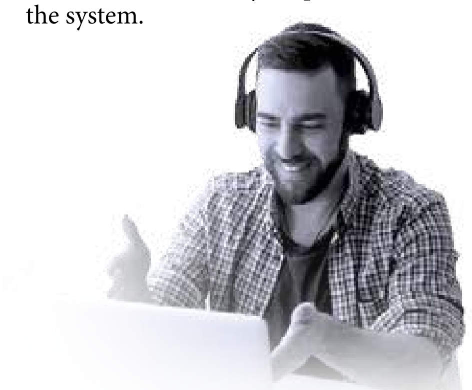
The sessions had a participation of upto 470 people from mid to top management from the trade.

The topics are well chosen and planned as per the needs of the industry. Some of the upcoming Knowledge Session are on – Bills of Lading and the Various Conventions, SCMTR, Block Chain, Importance of Technology, Labour Law Changes, MSME, Challenges in Faceless Customs, Carotar Rules 2020 etc.

The need for skilled manpower has always been the need for our industry. These knowledge sessions are the contribution of AMTOI to bring practical knowledge to the desk of every member of the trade.

Northern Region Chapter also initiated dialogue with the Government eMarketplace for introducing the Logistics sector in the GeM portal thereby trying to fight the age-old tendering system by the Government Departments, agencies and PSUs. With the support from President of AMTOI and the like-minded associations like ACFI, ACAAI and FFFAI the team successfully helped GeM to go live with Logistics Services on their portal.

The Northern Region conducts regular monthly meeting within the members of the region which helps in bringing up various issues to the table and then take it up at national level. Some of the issues which were discussed during the monthly meeting and now being discussed for resolution at national level are – SEIS, General Order Warehouse for Abandoned Cargo, Security Deposit with shipping lines, etc. One of the issues which the team was able to resolve with the support of NISAA was the export container getting stuck at ICD Tughlakabad due to a peculiar process where CONCOR demanded the container number before carting and if the cargo was not carted well within the time, the containers got blocked and customers were incurring detention cost. CONCOR on taking up the issue immediately helped to abolish the system.



NVOCC COUNCIL (BOX OPERATORS' FORUM) – THE STORY SO FAR

Biju Sivakumar
Co-Convenor – AMTOI (NVOCC Council)

BOF Operators Forum / NVOCC Managing committee formation took place vide the maiden meeting held on 30th Jan 2018 at AMTOI office, Kanakia Zillion, Kurla . Further sub committees were formed for special focus on :

- Port and Customs
- Taxation and Finance (especially with the introduction of GST)
- Training & Learning
- Membership Drive

Since the first meeting on 30 Jan 2018 (attached minutes – AMTOI NVOCC Council meeting minutes 30.01.18) the Box Operators' Forum/ NVOCC Council have taken various initiatives to bring the members together, addressing the concerns to protect the interest of the fellow members.

The Management Committee have been meeting every first Tuesday of the month, other than organizing trade meetings and get together including high tea , dinner to bring the community together and work towards the common goal.

Training Programs and GST basics by the visiting faculties to enhance the knowledge and skill levels were also organized by the forum.

The maiden training program was conducted on 16 November 2018 at the AMTOI office by

Capt Swaminathan , Director CMA CGM.

It covered the basics of Liner Shipping and Pricing in Maritime Sector and touched upon the following topics :

- Liner Shipping, differentiating from Tramp Shipping
- Basic Industry Structure
- Liner Cost Structure
- NVOCC Pricing Strategy
- Bills of Lading

Known for engaging audience with absorbing presentations and interactions, Capt Swaminathan kept the participants attentive by sharing interesting facts and figures on the World Container Fleet statistics, Supply & Demand evolution, Ownership, Lifepsan of Containers.

For the maiden event, the response was good with 29 participants from 13 companies.

The Management Committee and the Sub committee continued to meet once a month, working closely on various agenda pertaining to the Trade and Fraternity .

The overwhelming support received from NVOCC fraternity, resulted in stupendous success of 3rd NVOCC Forum meeting held on 8th March 2019 at the Acres Club Chembur. Over 50 organizations with nearly 67 participants attended the session.

Earlier the 2nd NVOCC Forum meeting was held on May 8, 2018 at the Bombay Presidency Golf Club Chembur, which witnessed about 29 NVOCC organizations then.

Since inception the BOF / NVOCC remained active, connecting with forum members in person and through Video Conferences.

The meetings intensified pre lock down as we were committed to work on some of the elements of the local charges as per the guidelines set by the special secretary then. However due to the unforeseen situation arising from the Covid Pandemic, these activities were slowed down a bit.

Recently, post AMTOI AGM, we have again commenced our activities in this direction with the formation of Management Committee and Sub Committees for the year 2020-21. Since then we have met twice (Oct & Nov) – first Tuesday of the month, thanks to the technology platform.

The current core committee members and sub committee members are listed below :

T Venkataraman	Goodrich Maritime	Convenor
Biju Sivakumar	Navio Shipping	Co-convenor
Thomas Varghese	Toms Shipping	
Nagesh Kamath	Transliner Maritime	
Ashok Devadiga	Perma	
Dhiren Parmar	Novel Lines	
Kailash Parekh	Parekh Group	
Sriram Swaminathan	Goodrich Maritime	
Satyanarayan Rao	Maxicon Shipping	
Capt Rath	Econ	
Nishant Bhide	Taurus Lines	
Sumi Sahi	Sitara Shipping	
George Abrao	Triton Logistics	AMTOI MC Co-ordinator

Sub Committee

01) Port & Customs
- Thomas Varghese
- Nagesh Kamath
- Ashok Devadiga

02) Finance & Taxation
- Sriram Swaminathan
- Satyanarayan Rao

03) Information Technology
- Capt Rath
- Nishant Bhide

04) Network and Membership
- Dhiren Parmar
- Kailash Parekh

05) Training & Learning
- Sumi Sahi
- Biju Sivakumar

The Forum remains committed to enhance the bonding between the members and be a catalyst to address burning issues with the Governing bodies and Government authorities. Should you have any issues that needs to be addressed, would request you to please write to the AMTOI email Address and you can be rest assured that it will be passed onto one of the above relevant Sub-committees for addressing your problem / query.

We look forward to those who are yet to become members of AMTOI do so at the earliest. Those who are already members of AMTOI are requested to get other colleagues in the Industry who are not yet members to join AMTOI.

ROLE OF MULTIMODAL LOGISTICS PARKS IN ENHANCING INDIA'S LOGISTICS EFFICIENCY

Shankar Krishnan, Group Head – Strategy; **Nishant Mal**, Deputy Manager – Strategy and **Sanidhya Kain**, Deputy Manager – Strategy, from the **Shapoorji Pallonji Group.**

1. Introduction

"The line between disorder and order lies in logistics". These words of the great military strategist, Sun Tzu, emphasize the criticality of logistics, not only in military matters, but also for any modern-day economy. Any good produced or imported for consumption, further processing or export needs to be transported from its source to its next destination. Swift and smooth movement of goods depends on well-organized logistics, which is critical to ensure availability of raw materials at production hubs and finished goods at consumer markets.

The logistics sector currently comprises 14% of India's GDP and is poised to grow from $195 billion (2019) to $356 billion by 2025. The government expects an annual growth of 8-10% in freight movement over the next 10 years.

The combined share of primary (agriculture, mining etc.) and secondary (manufacturing, construction, water supply etc.) economic activities in India's GDP is ~45%, employing ~75% of India's workforce. These stand to gain the most from any improvements in logistics.

A proxy for a nation's logistics efficiency is its "logistics costs as a % of GDP". On this measure, India (14% of GDP) ranks below several nations, particularly those from the developed world (7-8% of GDP).

Also, India's rank on the Logistics Performance Index (LPI), a comprehensive score that benchmarks a country's trade logistics and allows for comparison across 160 countries, fell to 44^{th} in 2018 (vis-à-vis 35^{th} in 2016). India's score has fallen on parameters such as "infrastructure" and "timeliness". India now lags even emerging Asian economies such as Thailand, Vietnam and Malaysia.

2. Challenges

There are five key reasons for higher logistics costs in India, according to Logistics Efficiency Enhancement Program (LEEP) document of the Ministry of Road Transport and Highways (MoRTH):

1) Unfavorable modal mix: The country's current modal mix (road: 60%, rail: 31%, water: 9%) is very different from global norms (road: 25-30%, rail: 50-55%, water: 20-25%). Cheaper alternatives to road transport like coastal movement and inland waterways are in their nascent stage, leaving rail as the only viable alternative. Despite being ~45% cheaper than road transport (on a "per ton per km" basis), there has been limited adoption of rail for freight movement, primarily due to lack of "intermodal facilities" allowing for easy freight transfer between rail and road.

2) Inefficient fleet mix in road: India's fleet mix is characterized by smaller trucks. Historically, 16 MT and 25 MT have been the highest selling categories of trucks in India (vis-à-vis 26-40 MT in China). Trucks with a higher payload are much more efficient (freight cost for a 9 MT truck is ~INR 3.5 per ton per km, which is 2.5X that for a 40 MT truck). Absence of "logistics hubs" to act as zones for freight consolidation and disaggregation results in higher point-to-point freight movement on smaller vehicles, instead of more efficient line haul freight or movement through rail and waterways.

3) Underdeveloped material handling infrastructure: The warehousing landscape in India has a large number of private / unorganized warehouses, with an average size significantly lower than that of developed countries. This has resulted in several smaller sized warehouses, with very low investments. Smaller sized, unorganized warehouses, with limited mechanization, leads to higher storage and handling losses, thereby increasing supply chain costs. Also, limits on higher tenure bank loans for warehouses, as well as the indirect taxation on goods movement, have led to a situation where India has very few large sized, consolidated warehouses with mechanized material handling.

4) Underdeveloped road infrastructure: Even though freight movement in India is largely by road, 4 & 6 lane highways and expressways comprise only 0.5% of total road length (and 25% of national highways). This causes delays, leading to material losses, especially for perishable materials.

5) Complexity of procedures: Delays caused by interstate freight checkpoints and toll collections on key freight corridors adversely impact freight cost.

As many as three of the aforementioned challenges (viz. unfavourable modal mix, inefficient fleet mix and underdeveloped material handling infrastructure) could be addressed by the effective integration of Multimodal Logistic Parks (MMLPs) in our logistics mix.

3. MMLP: Key functionalities and benefits

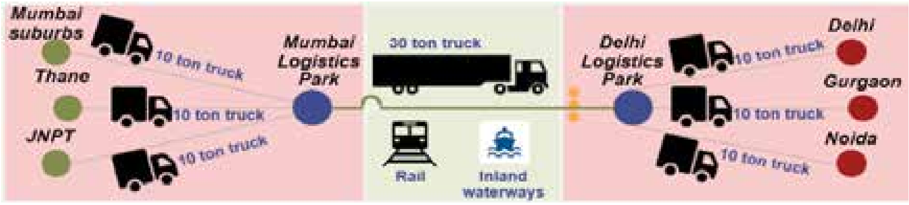
The government of India defines an MMLP as a *"freight-handling facility encompassing a minimum area of 100 acres (40.5 hectares), with various modes of transport access, and comprising mechanized warehouses, specialized storage solutions such as cold storage, facilities for mechanized material handling and inter-modal transfer container terminals, and bulk and break-bulk cargo terminals".*

MMLPs are designed to deliver 4 functionalities:

1) Enabling freight aggregation and distribution
2) Enabling multimodal freight movement
3) Storage and warehousing facilities
4) Value-added services

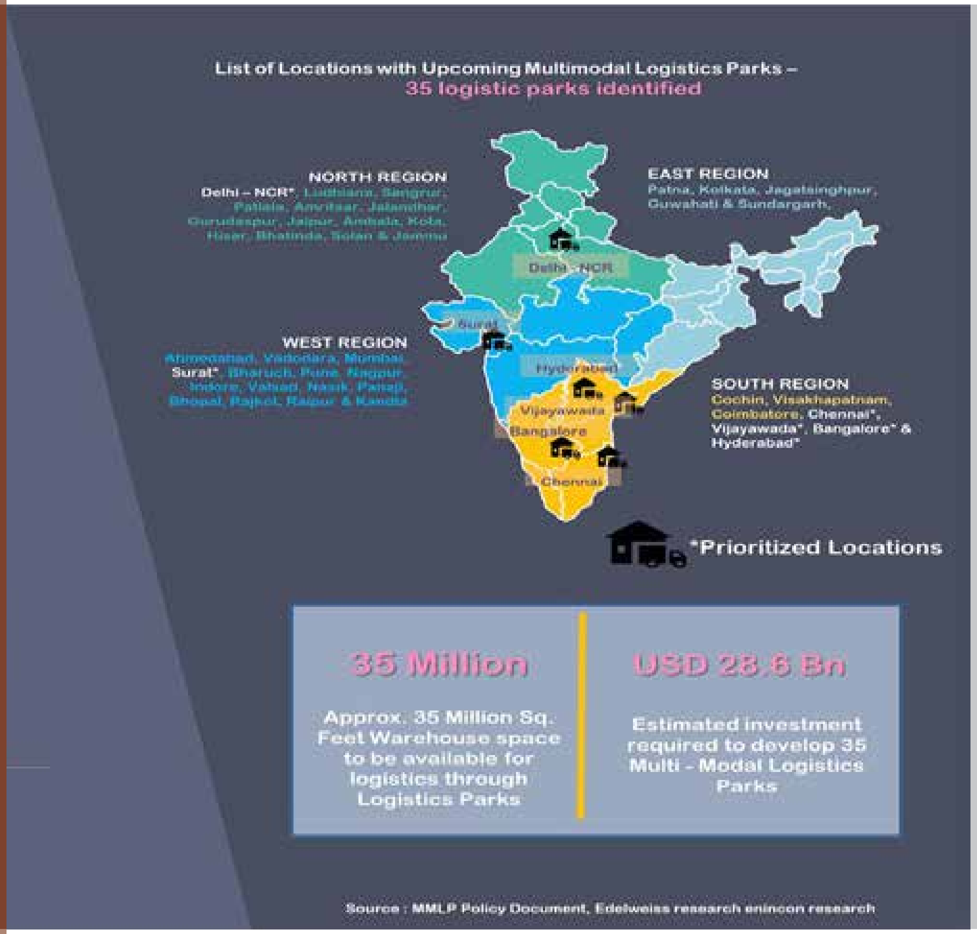
Value-added services would be customs clearances with bonded storage yards, quarantine zones, testing facilities and warehousing management services. Further additions could include late-stage manufacturing activities such as kitting and final assembly, grading, sorting, labelling and packaging activities, re-working, and returns management

MMLP: Schematic (illustrative)



MMLPs provide the following benefits:

a) Lower transportation costs: MMLPs that are situated outside zones of urban agglomeration will act as places of aggregation and enable use of larger trucks, rail or



waterways to transport material to MMLPs situated near consumption zones, where disaggregation into smaller trucks will take place. This will reduce transportation costs and overdependence on small-sized trucks.

b) **Reduced pollution and road congestion:** Increased access to rail and inland waterway will reduce overdependence on roads, thereby reducing congestion and pollution.

c) **Lower storage cost:** Large warehouses with mechanisation and IT-enabled freight handling solutions would provide low-cost storage, particularly with increased scale.

d) **Reduced storage and handling losses:** MMLPs will also provide mechanised and specialized storage facilities like cold storage for perishable materials and racked warehousing space for palletizable cargo, thereby reducing wastage due to natural and environmental factors.

4. International experiences

Initiatives related to "multimodal" and "intermodal" logistics have been implemented successfully in USA and the European Union (*Note: "Intermodal logistics" involves different contracts for different modes of transport for the same cargo, whereas in "multimodal logistics", there is a single contract).*

In the US, the Staggers Act of 1980 enabled market-linked pricing for logistics, which led to an increased use of intermodal logistics services, improving overall efficiency.

In Europe, cities like Paris prohibit entry of large trucks into city limits. Instead, small lorries, vans and even the network of canals within the city are used for last-mile delivery. Within the EU, rail network and freight services (which includes intermodal and multimodal transportation) are managed by the state. This enables "fair" practices and a focus on enhancing operational efficiency.

In the above examples, the respective governments played the key role of "enabler"; however, success was achieved by effective coordination amongst all entities in the value chain, with the active participation of private players.

5. MMLPs in India: journey to date

The tryst with multimodal logistics is not new to India. The Multimodal Transport Act was passed in 1993 to establish a standardised regime for Multimodal Transport Operators (MTOs). This eased the process of registration and operationalisation for MTOs, by bringing it under the purview of a single authority.

By the early 2000s, private operators were licensed to operate their own freight trains. Subsequently, select public enterprises and several private players have entered the arena of multimodal logistics; however, the private sector presence remains largely unorganised.

In 2017, MoRTH formulated a draft Logistics Policy, and undertook a detailed study on Logistics Efficiency Enhancement Program (LEEP). In this, 35 locations across the country were identified for the development of logistics parks. Of these, 24 are situated along national corridors planned to be taken up for development in "Bharatmala Pariyojna" Phase-1, with an expected completion by 2027. Work has begun on detailed project reports (DPRs) for 7 of these locations – Nagpur, Mumbai, Bengaluru, Chennai, Surat, Sangrur (Punjab) and Jogighopa (Assam).

In order to develop these logistics parks in an integrated manner and to align all stakeholders, MoRTH organised the India Integrated Transport and Logistics Summit in May 2017, in New Delhi. In this, 33 MoUs worth INR 2 lakh crores were signed for the development of logistics and associated infrastructure, involving state governments, Land Ports authority of India (LPAI), Inland Waterways Authority of India (IWAI), Container Corporation of India (CONCOR), port trusts, National Highways and Infrastructure Development Corporation Limited (NHIDCL), Dedicated Freight Corridor Corporation of India Limited (DFCCIL) and various private entities.

In 2017, the Union government included logistics in the "Harmonised Master list of Infrastructure Subsector". This provides access to cheaper and long-term credit by attracting investments from debt and pension funds, simplifies approval processes for construction of MMLPs and encourages market accountability through regulations.

In 2017, MoRTH called upon the Asian Development Bank (ADB) to conduct a pre-feasibility study to assess the suitability of MMLPs in two of the identified 24 locations - Bengaluru and Assam. ADB identified Dabaspete as the site for Bengaluru and Jogighopa for Assam. In Feb 2019, MoRTH approved an MMLP project in Jogighopa (Assam); it will be developed by NHIDCL in two phases worth INR 155 Crore and INR 115 Crore respectively; this will provide connectivity through National Waterway-2 and the North-East Dedicated Freight Corridor.

Over and above the 35 planned locations, MMLPs have already been developed in 3 locations: Jharsuguda (Odisha), Vishakhapatnam (Andhra Pradesh) and Pantnagar (Uttarakhand). The Jharsuguda MMLP is an INR 100 crore project built over 28.3 acres, situated 5 km from Jharsuguda railway station. The Vishakhapatnam MMLP is built over 105 acres, involving INR 300 crores. The Pantnagar MMLP has been constructed by a JV of CONCOR and SIIDCUL; it is spread over ~38 acres, with one warehouse for EXIM and two for domestic business.

1. The road ahead

Smooth integration of MMLPs into the logistics mix calls for the involvement and alignment of various stakeholders along the value-chain, as depicted below (*Note: names of entities indicated are merely illustrative*):

The stakes are high, and so are the potential benefits. Integrating MMLPs effectively into the logistics mix will enhance India's domestic trade and exports. Today, a negligible portion of freight in India passes through MMLPs; however, by 2027, after the completion of 24 MMLPs, as much as 40% of India's freight could pass through them. Based on international experience, we believe that this could decrease India's logistics cost by 20-25%, thereby bringing logistics cost to 10-11% of GDP (vis-à-vis the current level of 14%). This will provide a significant fillip to India's overall competitiveness in the world.

A. Land procurement
State Governments
B. Integration of road, rail and waterways
National Highway Authority of India (NHAI), Land Port Authority of India (LPAI),National Highway and Infrastructure Development Committee Limited (NHIDCL), Transport Corporation of India (TCI), Dedicated Freight Corridor Corporation of India Limited (DFCCIL), port trusts and port roads committees
C. Construction of roads, railways and inland waterways
Private players (e.g. L&T, Shapoorji Pallonji Group, Dilip Buildcon, Sadbhav Engineering)
D. Construction of storage and warehouses
Private players (e.g. AllCargo, Ascendas-Firstspace)
E. O&M
Enterprises with experience in freight handling at ports (e.g. CONCOR, DP World, Hind Terminals, Adani Logistics)

DANGEROUS GOODS & PERILS AT SEA

Shashi Kallada

Consultant & Trainer – Dangerous Goods by Rail, Road, River & Sea

www.shashikallada.com

Past two years have experienced many catastrophic fires on board ships at sea mostly due to **mis declared** and **undeclared dangerous goods**. Most of the cases involving leakage, fires, cargo damage is identified to **poorly packed containers**. Investigations are going on in various cases and almost all points to misdeclared and poorly consigned dangerous goods as the source. Certain

shipping lines have started **penalizing misdeclared or undeclared** shipments if same is caught in an incident or inspection.

There are **3 types of shippers** and **3 types of dangerous goods**

Shippers

1. **Compliant** with IMDG Code
2. **Ignorant**, lesser compliant hence may offer some goods as non-dangerous or mis-declared
3. **Fraudulent** Wilfully falsify information and offer dangerous goods as non-dangerous

Dangerous goods

1. **Compliant** to the code
2. **Misdeclared** dangerous goods
3. **Undeclared** dangerous goods

Types 2 & 3 in both cases may cause accidents out at sea.

Falsifying through special provisions

One of the **ways of falsifying or mis declaring** is by wrongly using certain special provisions in IMDG Code which exempt certain goods as not subject to the Code. One example is **charcoal**. A correctly consigned dangerous goods accompanied with the declaration enable the carrier to stow the cargo (CTU) in accordance with stowage requirements set out in IMDG Code.

Is IMDG Code mandatory?

International Maritime Dangerous Goods Code ("the IMDG Code"), is mandatory under chapter VII of the International Convention for the Safety of Life at Sea (SOLAS), 1974 for carriage of dangerous goods in packaged form and under MARPOL Annex III for carriage of harmful substances in packaged form.

The objective of the IMDG Code is to enhance the safe carriage of dangerous goods while facilitating the free unrestricted movement of such goods.

5 Important Steps for Shipping Dangerous Goods by Sea

For carrying out each step the personnel involved must be trained in the contents of dangerous goods provisions commensurate with their responsibilities.

1. Classify dangerous Goods

First step is to classify the goods. IMDG Code section 2.0.0.1 places the responsibility of classification on shipper/ consignor

Classification includes assignment of **UN Number, proper shipping name, technical name (when required) and Packing Group**. Most transported dangerous goods are already assigned to specific UN Number and packing group which can be found in the Alphabetical index of IMDG Code.

A mistake made in classification may change the UN Number, packing group or proper shipping name which can cause wrong stowage on board ships and wrong application of emergency response thus endangering lives at sea.

2. Pack dangerous goods

Options of packaging are listed through Packing, IBC and Tank instructions. These instructions provide a wide range

in size and types of packaging from smallest to largest, IBCs and tanks. Depending on the packing group maximum quantity permitted in specific packages or type of IBCs or Tanks may differ. Certain goods when packed in plastics packages will differ in stowage category on board vessel.

3. Mark, label, placard dangerous goods

Every package of dangerous goods must be marked and labelled. Marking includes UN Number, Proper Shipping Name, Technical name (when assigned with special provision 274), Marine Pollutant mark. Labels of Class and Subsidiary Hazards must be affixed next to the marks. Special provisions may require additional label or dispense a label which need to be considered.

Marks, Labels & Placards must be identifiable on packages surviving at least three months' immersion in the sea."

4. Load/ Unload Cargo Transport Unit

Chapter 7.3 of IMDG Code contains the provisions appropriate to those responsible for packing of dangerous goods into cargo transport units. **Segregation provisions of Chapter 7.2 must be adhered to when multiple dangerous goods are packed into same container**. When liquid dangerous goods are filled into tank containers **degree of filling** as prescribed in chapter 4.2 must be taken into consideration. Guidelines for packing a container can be found in **UNECE CTU Code**. Personnel involved in packing of container must be trained in performing this function. **Most of the cargo damages and fires are originated by dangerous goods poorly packed in containers.**

5. Prepare Transport Document

Once the doors of container is closed no one will see what is inside the box. **No one knows what's inside the box other than the party packed it.** Information contained in dangerous goods declaration is the final words which determine correct stowage and segregation on board ships. **Incorrectly prepared dangerous goods declaration (DGD) can end up placing the containers in wrong stowage location on board ships thus jeopardizing safety of life at sea.**

Hamburg Rule Article 13.2. *Where the shipper hands over dangerous goods to the carrier or an actual carrier, as the case may be, the shipper must inform him of the dangerous character of the goods and, if necessary, of the precautions to be taken. If the shipper fails to do so and such carrier or actual carrier does not otherwise have knowledge of their dangerous character:*

(a) the shipper is liable to the carrier and any actual carrier for the loss resulting from the shipment of such goods, and

(b) the goods may at any time be unloaded, destroyed or rendered innocuous, as the circumstances may require, without payment of compensation.

This may require additional information which is not reflected in IMDG Code!

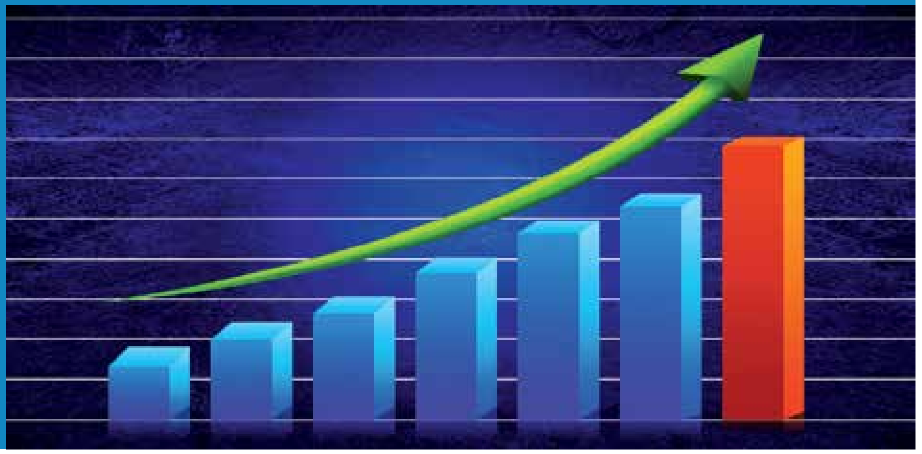
Dangerous Goods Help Desk

If you are a Shipper, Forwarder, Carrier, Port operator or anyone involved in transport of packaged dangerous goods by sea and have a question on IMDG Code you may post it in below link, we will interpret the Code for you.

http://www.shashikallada.com/ask-imdg-code/

EQUIPPING SHIPPING INDUSTRY TO OUT LIVE THE 'ECONOMIC STORM'

Nivesh Chaudhary and Shikha Kosta. Nivesh is Director and Shikha is Consultant with Transport and Logistics Advisory practice at ASCELA.



The shipping industry characterizes to be of cyclical nature. It is considered as a proxy for global economic growth. As the industry directly contributes to the global economy, any disruption in the economy would inevitably impact the shipping industry. Maritime transport is always considered the backbone of globalized trade and supply chain, as more than four-fifths of the world's merchandise trade by volume is carried by sea. Developing countries have been the main exporting economies for world trade, with nearly two-third trade originating in their territories.

The global shipping industry is currently coping with heavy risks, owing to the severe impacts of the US-China trade war and ongoing COVID-19 pandemic. Trade and GDP growth rates are converging with escalating numbers of blank sailings. Furthermore, the International Maritime Organisation (IMO) has ruled marine sector emissions in international waters to be slashed. As per the regulations, the marine sector is to reduce sulphur emissions by over 80% by switching to lower sulphur fuels. This added conversion cost had a cascading effect across global supply chains, thereby increasing shipping costs.

Amidst the spell of economic decline worldwide, shipping lines and ports may not be ready to serve the fuel regulations inducted by IMO-2020. COVID-19 pandemic has put additional pressure on the already reeling industry.

Is global trade too declining? Global trade volumes, as measured in 20-feet equivalent units (TEU), increased at 4.8% in 2019, the y-o-y growth down from 5.6% in 2017, bringing the total to 802 million TEUs (MTEU). This growth is a dramatic change compared with the double-digit growth rates of the 2000s.

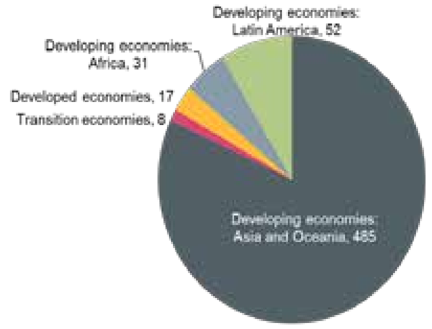
Figure: Y-o-y growth in global container volumes handled by shipping lines versus capacity

Source: Alphaliner; ASCELA analysis

Since the year 2000, the share of developing countries to maritime trade has altered, reflecting their growing role as major exporters and importers. Participation in containerized trade, however, has been concentrated in Asia, notably in China and its neighbourhood, reflecting varying degrees of integration into global value chains and manufacturing networks. In 2019, developing countries continued to account for most of the global maritime trade flows. Asia and Oceania region alone handled 82% of container traffic,

accounting for 485 MTEU. Development of strong supply chain networks in developing countries can further serve as an instrument to bring about normalcy in the shipping industry. By contrast, developed countries saw their share of traffic decline over time, handling 3% of container traffic in 2019.

Figure: Containerized port traffic (in MTEU) by a group of economies, in 2019



Source: UNCTAD

Has trade along key maritime routes also altered

Around 40% of global containerized trade continues to be carried across the major East-West containerized trade arteries, namely Asia-Europe, the Trans-Pacific, and the Transatlantic. With 60% of global containerized trade occurring on non-mainline routes, these routes are being increasingly used by developing countries. Of these non-mainline routes, intraregional flows dominate by intra-Asian movements, accounting for the largest proportion of 27%, followed by the East-West trade routes including the Eastern Asia-South Asia-Western Asia routes, accounting for 13% trade. South-South and North-South trade routes contributed to 12% and 8%, respectively.

Panama Canal and Suez Canal are well known for the most crucial trading connections for maritime traffic across the world. Expansion of the Panama Canal in 2016 and the Suez Canal in 2015 has contributed to transit time reduction and accommodation of larger vessels. However, shipping lines operating larger vessels are inclining to use Suez Canal after severe drought conditions at the Panama Canal in 2019.

Below are some of the preferred alternative routes.

1. Panama Canal Railway is now experiencing notable growth with an increase in trans-shipment container traffic
2. Lake Nicaragua route is also being developed as an alternative to the Panama Canal. The Government of Nicaragua signed a 50-year concession with a Hong Kong-based firm to develop the canal to handle ships with capacity over 0.25 MTPA.
3. Several land-bridges, including Central American land-bridge and Colombian land-bridge, are also being increasingly used.

Stretching from Indian ports to northern Europe and passing through the Caspian region, the INSTC route, with an operational capacity of 30 MTPA is expected to be a cheaper and shorter alternative to the 16,000 km long Suez Canal.

Integrated with the upcoming high capacity Chabahar port, and a possible partnership with Eurasian Economic Union, INSTC adds to its potential to be a high-density transport

corridor.

Figure: International North-South Trade Corridor

Impact on key industry stakeholders

Competitiveness of shipping industry depends on efficiency, especially in terms of logistics practices, port functions and activities, and integration with other stakeholders in the industry. Integrated Supply Chain Management (SCM) is now broadly adopted in many parts of the world.

While consolidation among major shipping lines remains a key theme in the sector, there are also signs that carriers are considering vertical integration by taking greater control of ports and terminals. APM Terminals, facilitated by Maersk shipping lines, and COSCO shipping ports, facilitated by COSCO group, are the most favourable examples. These integrated services are performing concomitantly; expanding their reach to inland services and have managed to remain in the top 5 port operators, serving across the world.

Integration of freight forwarders and port operators is very evident in the current scenario. Two of the largest terminal operators, DP World and PSA International, have been actively working on developing their own logistics platforms. DP World, in 2019, made two logistics company acquisitions, in India and Peru. Similarly, PSA is building on technology investment to expand supply chain solutions in its key locations around the world. Damco, an in-house unit of Maersk Line is expanding its supply chain networks. Similarly, CMA CGM, Mediterranean Shipping Company, and COSCO group are also pursuing integration strategies at varying levels.

In the year 2000, out of the top 100 container lines, the largest 10 had a mere 52% market share, which increased to 81% by 2020. This drastic change can be attributed mainly to the mergers and acquisitions that have taken place in the shipping industry in this decade. Hapag Lloyd's merger with CSAV & UASC in 2017, COSCO Shipping Lines' merger with China Shipping and its takeover of OOCL in 2016, merger K-Line, MOL, and NYK Line into ONE (Ocean Network Express) in the year 2017 are major examples of mergers in the industry.

The three alliances, 2M, OCEAN and THE, together with total 78% of the top 100 container shipping lines in the world, leaving about 22% of those lines not part of any alliances. Alliances have become a dominant feature of container shipping over the last few years. It has allowed carriers to acquire and operate mega-ships, reducing unit costs, without which certain carriers would not have been able to acquire mega-ships.

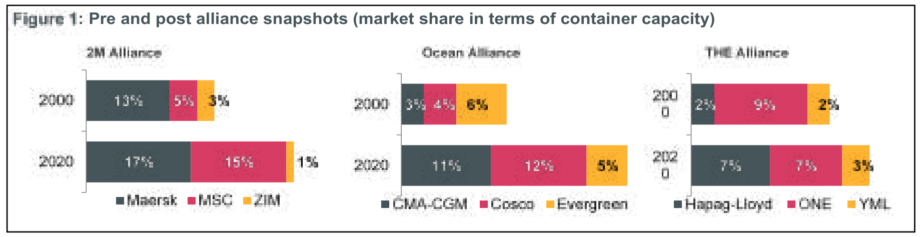


Figure: Pre and post alliance snapshots (market share in terms of container capacity)

Key takeaways from the current trends

Global maritime trade slowdown was worsened by implication of IMO 2020 regulation on the use of low-sulphur fuels, and COVID-19 outbreak, which resulted in partial or full shut down of industries across major parts of the globe.

Container lines are continuing to take measures to improve supply chain and support freight rates as demand for container shipping services fell dramatically due to the effects of the US-China Trade War, followed by COVID-19 pandemic. Major alliances including 2M, Ocean, and THE Alliance witnessed 148 blank sailings in Quarter-1 of the year 2020, and 130 in Quarter-2, along the transpacific trade route. This trend is likely to continue in quarter three. Shipping lines have had to resort to blank sailings and this number increased to 435 blank sailings globally by the end of April 2020.

Figure: Blank sailings along the transpacific trade route

Source: United World Freight Line

Container carrying capacity almost tripled in the last two decades. Creation of shipping alliances has brought mega-ships and mega ports into the fore and such alliances allow better allocation of shipping lines' resources, which reduces operational costs, allows expansion of service coverage, optimizes port calls, and achieves economies of scale.

To serve larger vessels, there is a need for additional port space to avoid congestion, and customized infrastructure to contain larger vessels. Shipping lines and ports are experiencing huge infrastructure costs in enhancing their fuelling services, including bunkering terminals with pipeline hook-ups, barges, and storage facilities.

The circular economy is increasingly being recognized as a guiding principle for logistics business model innovation, but its potential role and opportunity in the shipping industry is at a very nascent stage. Key enablers of circular shipping and logistics are analytics and digital technologies, which would provide necessary information and transparency on the flow of goods and resources.

Ports' competitiveness

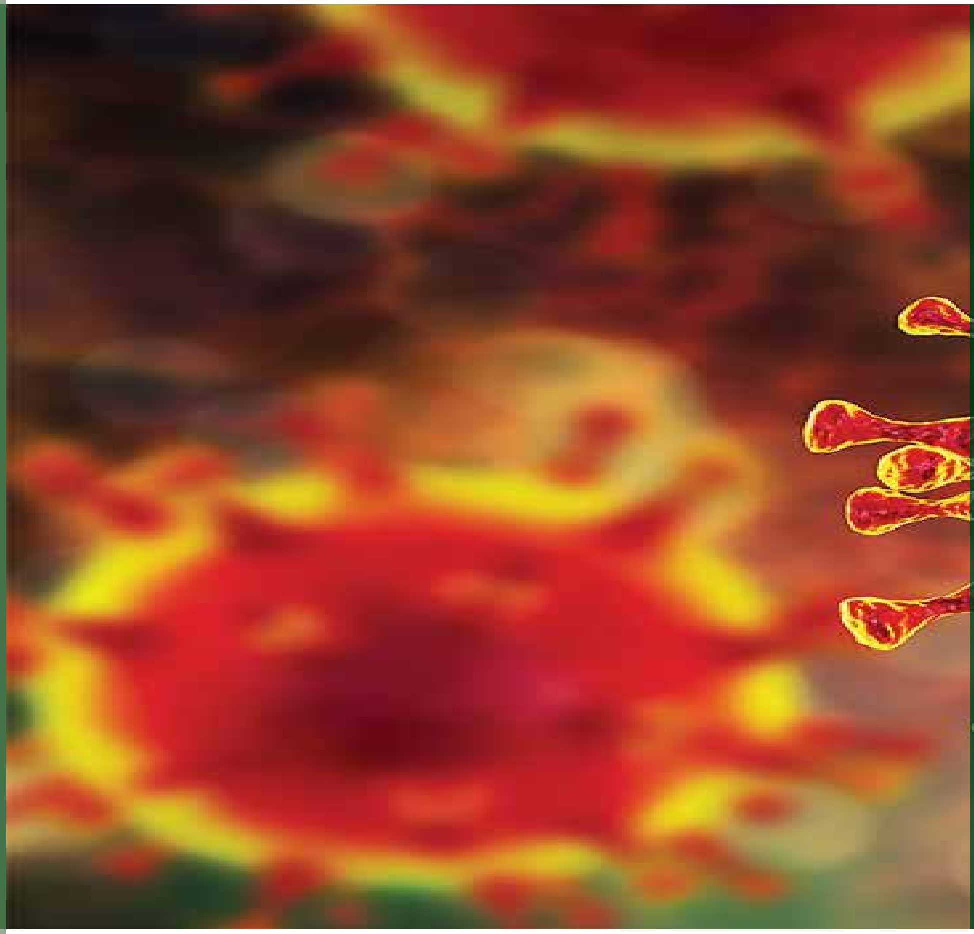
Competitiveness of ports is highly dependent on its supporting regions. Their effectiveness depends on how they are linked with the supply chain, and their integration and alignment hinterland transportation.

1. Ports with more extensive maritime connections are more attractive to shippers as they offer direct services and faster movement of goods;
2. Creating strong hinterlands by integrating the port system in a multimodal transportation network to improve market access, the fluidity of trade and integration in an industrial network;
3. Port-led Industrialization through proactive development of industrial regions located close to ports offers strategically significant benefits to the ports;
4. Strategic network planning with improved foreseeability, flexibility and cooperation within the network governs the criteria of social and economic competitiveness.

Impact on Indian shipping

Ports and shipping industry play a major role in sustaining growth in India's trade and commerce. As per the Ministry of Shipping, around 95% of India's trading by volume and 70% by value is moved through maritime transport. As regards to shipping as a global business, a decline in global economic growth is also reflected in the nation's shipping market. Capacity remains stable, but the demand continues to fall short of market expectation due to the current economic crisis. The ports are witnessing a 50-60% fall in traffic while operating at 30-40% capacity. Container traffic declined by 12.51% from 2018 to 2019. 43 blank sailings were recorded in April 2020.

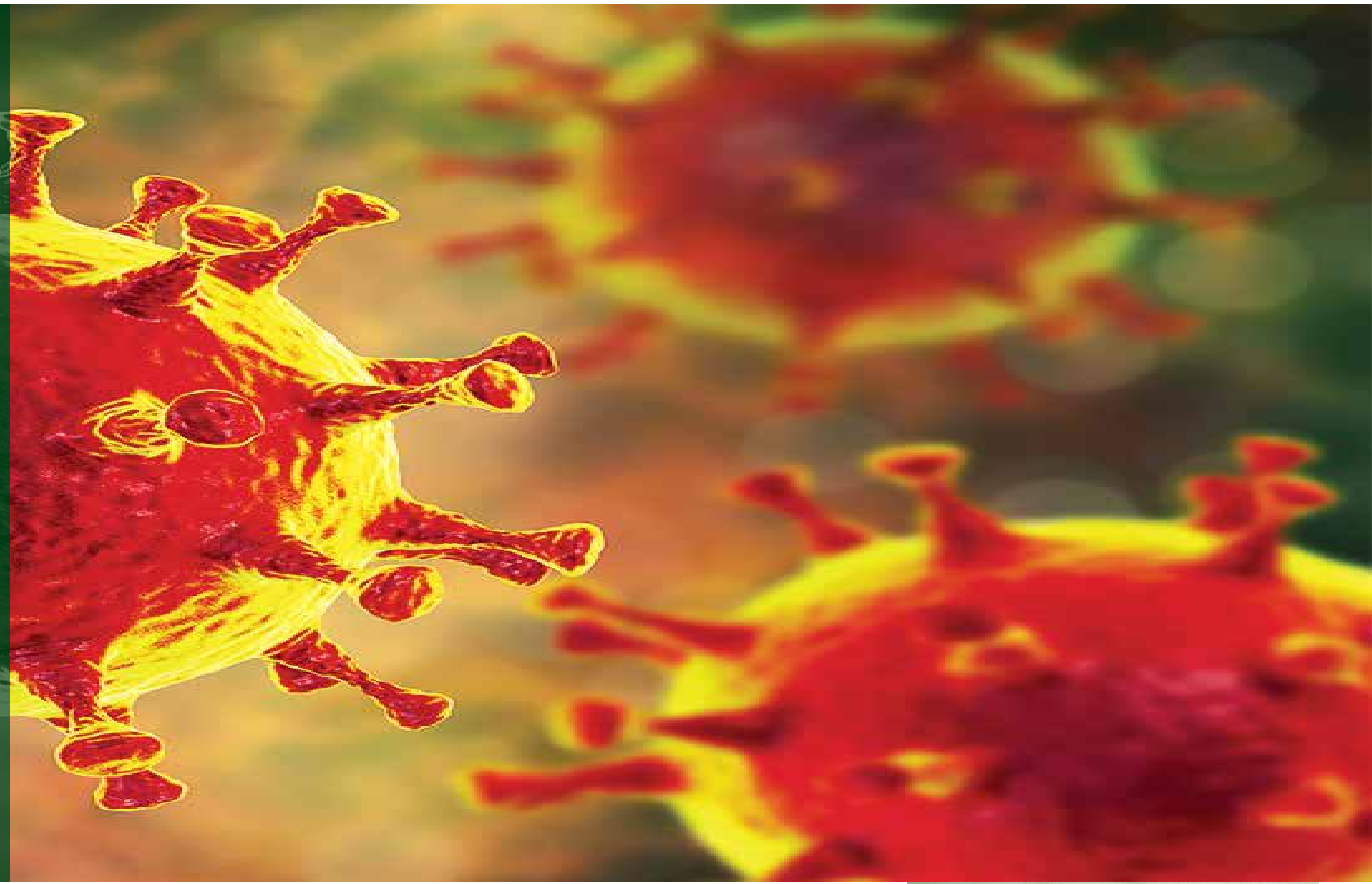
Government of India, under Make in India movement, invited global vessel owners to flag their ships in India. As in 2019, India's national fleet carried only 9.7% of India's EXIM trade and around 59% of the domestic coastal cargo. All of the balance was catered by foreign ships, which carried their transit activities tax-free, as governed by the Foreign Trade Policy. To ensure a globally competitive position of Indian flag shipping companies, the foreign trade policy, as well as the domestic shipping and taxation policy of India, needs to be straddled.



FORCE MAJEURE – CORONA VIRUS

February 6 2020 Nau Newsletter

M. Jagannath



The recent Wuhan Coronavirus will indeed be a stress test for many supply chains given that the effect is not only restricted to Wuhan but has also spread to many parts of China. There is lot of information readily available and which can be viewed at Mr Anuj Velankar's[1]LinkedIn post[2]. The other interesting post which we chanced on was the post[3] on the Chinese Government offering to provide force majeure certificates to factories / entities that breach supply contracts. This article touches on the validity of *force majeure* for contracts which may be in force between Chinese and other International entities[4].

1. The Chinese Legal System is a socialist system of law primarily based on the civil law model[5]. As mentioned in our earlier article "*Force Majeure revisited*"[6], civil law countries allow a party to plead "*force majeure*" as of right irrespective of whether such a clause is incorporated into the contract. Hence, the major difference between civil and common law[7] is that in civil law, a party is entitled to the defence of *force majeure* as of right whereas in common law, this is only available if the contract provides for the same. If the choice of law in the contract is not Chinese but say English Law, the application of "*force majeure*" could be denied if the contract does not provide for such eventualities.

2. Based on the above, if a party does get a judgement / award against a Chinese based entity, would they be able to enforce the judgement / award? We take each scenario in turn:

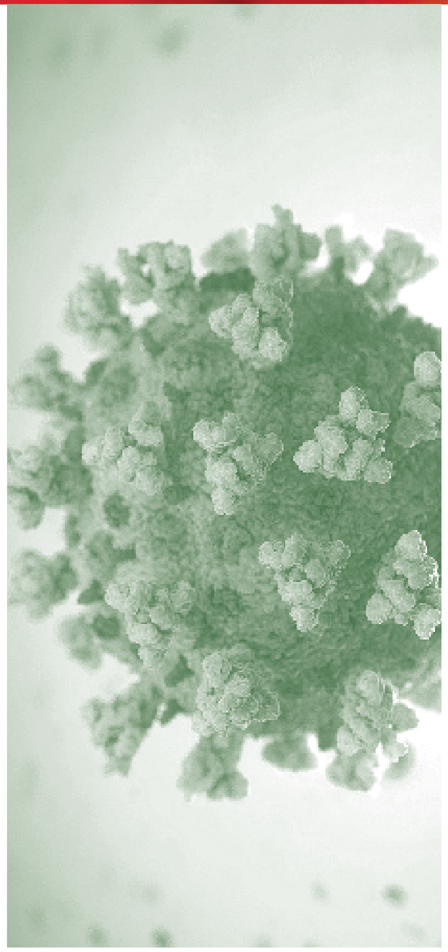
1. Judgement: A foreign judgement can be enforced in China provided there is a treaty signed with the country where the matter is litigated or on the basis of reciprocity[8]. Assuming this barrier can be surpassed, the Chinese Courts would review the foreign judgement to confirm that they comply with the primary principles of Chinese Law. It is submitted that the Chinese Courts would not recognise the foreign judgement given that Chinese Law allows a party the *force majeure* defence as of right.

2. Arbitration Award: China is a contracting state to The New York Arbitration Convention on the Recognition and Enforcement of Foreign Arbitral Awards[9] (commonly known as the "New York Convention"). Accordingly, a foreign award can easily be recognized and enforced in China provided it fulfills the requirement of the New York Convention. Article V 2(b) of the New York Convention[10] states "*Recognition and enforcement of an arbitral award may also be refused if the competent authority in the country where recognition and enforcement is sought finds that the recognition or enforcement of the award would be contrary to the public policy of the country*". It is submitted that the Chinese Courts would view the application of *force majeure* defence as a matter of right allowing the use of the public policy defence[11].

3. Enforcement in other Common law jurisdictions: Enforcement in other common law jurisdictions always remain available provided the other party has some assets available.

3. Accordingly, a party based in China would generally be able to avoid enforcement irrespective of the choice of law of the contract due to "public policy" defence. While this may not be the bargain entered, a contract is not entered in a vacuum but with compulsory rights as provided in the jurisdiction where a party is registered together with additional rights and obligations as may be provided under the contract. Hence, in the majority of the cases, it would be futile to pursue any recovery against Chinese entities due to the spread of the Coronavirus epidemic. Instead, it would be best to work with them in their movement of need and ensure that they are able to spring back with vigor when this exceptional situation is contained or dealt with.

4. In conclusion, parties should be aware of the disruptions which would arise due to the prevailing epidemic and the limited opportunities for recovery against a Chinese party. It may indeed be an opportunity to build and strengthen relationship with Chinese counterparts during this time of need so that all can spring back once the epidemic has been contained or dealt with.



WILL

WILL – THE MOST IMPORTANT DOCUMENT ONE SHOULD WRITE!

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Succession planning has always been important; however, it is on the back burner due to busy lifestyle but the current pandemic has re-iterated the fact that life is uncertain and made us realise that it is necessary to arrange one's estate planning affairs to ensure that our hard earned wealth is passed on to our family members in a smooth manner. In the last decade, there has been a growing awareness and several people are taking the initiative to complete the exercise of Will writing and have this simple document in place where there are so many uncertainties floating around.

How to prepare a Will:

Preparing a Will requires:

- collating the details of all the assets,
- understanding the specific laws of succession for each type of asset,
- deciding which family member or person should inherit the assets after one's demise,
- having a discussion with one's spouse, children and acquainting them about one's assets and investments if deemed appropriate by the Will maker,
- choosing a right executor who will administer the estate after one's demise,
- choosing a guardian for minor children in case of demise of both parents.

One could seek help of a lawyer who could guide and provide advice on the above matters and ultimately draft the Will in legal language and incorporate crucial and contingency clauses.

Review of an existing Will:

Those who already have a Will in place should review the same to check if any changes are required due to marriage, divorce, having children, demise of family members, addition of wealth, changing your mind about your heirs etc. One may either choose to make a codicil or prepare a new Will.

Executing a Will and its registration:

Once the Will has been drafted as per one's wishes, it can be printed on a plain paper, signed by the testator and two witnesses. The witnesses shouldn't be the beneficiaries under the Will. Registration of a Will is not compulsory, but it provides greater authenticity to the document and making it less prone to legal challenges.

Location of the Will:

Lastly, it is important to store your Will safely and inform the family members and professional advisors about the location of the Will. A copy can also be stored with the professional advisor.

Intestacy rules:

In absence of a Will, the intestacy rules will apply. Its means that the assets of an individual will get distributed amongst the legal heirs as per the applicable religious laws and ***irrespective of any nomination.***

- For Hindus (includes Buddhists, Jains and Sikhs) the property passes on as per the Hindu Succession Act, 1956. Estate of a married Hindu male will be distributed equally between his mother, wife and children. Estate of a married Hindu female will be distributed equally between her husband and children.
- Muslims are governed by their personal laws and they cannot bequeath more than one third of the estate through a Will without the consent of the legal heirs. The remaining two third will devolve as per their personal succession laws.
- Christians, Parsis are governed by Indian Succession Act, 1925. In case of a Christian, the widow gets one-third estate of the deceased while the remaining two-third will be divided equally between the children. In case of a Parsi, the widow and each child will receive an equal share and each parent gets a share equal to half the share of a child.

Most of the time people do not prefer distributing their assets in the above manner and their wishes regarding distribution can be exercised by writing a Will.

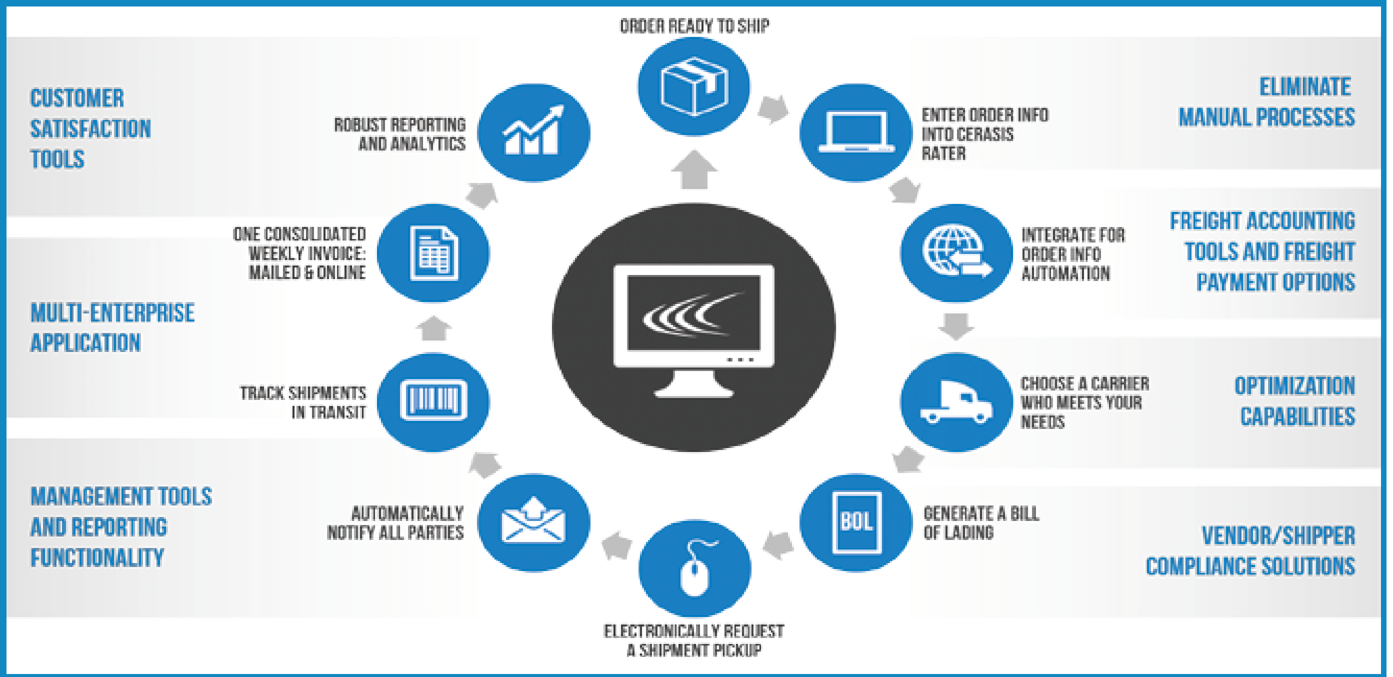
Challenges in absence of a Will:

Not having a Will in place may also lead to discord amongst the family members leading to lengthy court disputes and freezing of assets. A Will which lists down all the assets comes as a rescue to the family members when they are trying to get access to these assets and saves them the hassle of digging into your accounts and files to gather information. Having a Will in place also reduces the paperwork tremendously during execution of the estate of a deceased. Family members do not have to furnish release deeds, indemnity bonds etc. when a beneficiary is clearly stated in the Will.

In matters of wealth, which may have inter-generational ramification, having a succession plan in place dismisses the possibility of a future conflict between the legal heirs. An effective succession plan in place provides one a peace of mind and without procrastinating one should implement this with careful thought and consideration.

THAT 14% CONUNDRUM!

Arun Kumar, AMTOI, Hon. Treasurer



It's an open secret that the Indian logistics industry is now in a precarious situation. Our logistics bill is costlier by 60% than the developed world. To be a tad more specific, the logistics cost to GDP ratio in India is 14% whereas it's just 8.75% for the OECD (Organisation for Economic Co-operation and Development) countries.

To survive and thrive in this globalised and extremely competitive world of business, things need to change quickly.

The government has also realised this and, as indicated in the Union Budget 2020-21, aims to bring down costs in parity to the developed world.

Noble intentions indeed. The problem though is that the government may not really have accurately grasped the sector's woes. And, the solutions thereby proposed may not really mitigate the problem.

To get the desired outcomes, therefore, it's critical to both understand the Indian logistics sector properly and what really ails it.

Let me explain all this in some detail while decoding that 14% conundrum.

Where India stand?

As reported by analysts, logistics cost attributes about 8.5~9% of the GDP in the developed world or as in the case of India 14% of the GDP. Three nations in Asia, who fair better than India in this statistics are Japan, Singapore & Hong Kong which are all at 8.5% mark, with only US, Sweden & Netherlands superseding them with 8~8.5% range. China, which is our most contemporary competitor, stands at 15.5% which is about 1.5% point higher to India in logistics cost to GDP ratio.

The half-truth of the Cost of Logistics to GDP ratio in India

There's something amiss about this 14% ratio figure. Are the costs in developed world so much lower? Not really and this what piques seasoned logisticians in India.

Having been in the international logistics arena myself and having handled global movements for some time now, I have mostly found the costs in the developed world to be dearer by at least 50%.

This is true irrespective of which mode one takes—ocean, air, road, rail or related services such as warehousing, handling and so forth. The costs are always much higher than what it is in India for the same activity.

So, how did the government come up with this 14% figure and what really constitutes it?

The answer can be found in a Niti Aayog report of September 2018 that goes by the title 'Goods on the Move', which in turn I believe is based on a various independent analyst reports.

This report gives the bifurcation of this perceived cost of 14% with a comparison of the same with OECD countries as illustrated below:

	OECD Countries	India	(% Point) Difference	(% Real)
Logistic Share of GDP	8~10% (Mean 8.75%)	14%	5.25%	60% Higher
Transportation Cost	5~6% (Mean 5.5%)	7%	1.5%	27.3% Higher
Inventory Cost	2~3% (Mean 2.5%)	6.3%	3.8%	152% Higher
Admin & Overheads	0.5~1% (Mean 0.75%)	0.7%	(0.05%)	6.7% Lower

The above illustration shows that as a portion of total logistics cost in India, transportation cost is 27.3% higher than the OECD. However, the cost of inventory is a whopping 152% more than the OECD. This is worrisome.

Differentiating between Direct & Indirect Logistics

Technically speaking, inventory cost is a part of overall logistics cost, but we need to put things in perspective to understand the subject better. We need to also bifurcate the overall logistics cost responsibility in a similar fashion.

Indirect logistics costs - Costs incurred on account of Processing, packing, storage & inventory control, quality control, etc. (colloquial referred to as Inventory Cost). The responsibility of the indirect cost, on account of inventory is that of the industry and the government.

a) *Direct logistics* costs – Costs incurred on account of the process of moving goods, such as transportation, forwarding and similar services (Transportation Cost). The responsibility of *Direct Logistics Cost* can be rested with the Logistics Service Providers (LSP) viz. multimodal transport operators, customs brokers, carriers, etc.

Indirect Logistics Cost

Would it not be fair that greater effort should be made to reduce the inventory cost which is 152% higher, rather than to focus on the transportation cost? Not by anyway saying that, transportation cost should be ignored, but we will come to that I bit later.

One of the major causes of high inventory costs is inventory loss. While all supply chains suffer loss to some extent due to theft, damage and obsolescence, the issue of loss is particularly important in supply chains for perishable goods such as fresh foods or temperature sensitive medications.

As an example of inventory loss, India is the second largest producer of vegetables and fruits in the world, but 25~30 % of it is wasted due to inadequate logistical support, lack of refrigerated storage, supply chain bottlenecks, poor transport infrastructure and underdeveloped marketing channels. The Food and Agriculture Organisation (FAO) puts this figure at around 40 per cent. According to some analysts, the current overall wastage caused by inefficient logistics is equal to 4.3~5 percent of the GDP or about $100 billion.

Besides the Inventory loss, the other factors for high inventory cost are factors such as, industry not following the JIT concept and land up holding unreasonable quantum of inventory. Companies that have taken the trouble to do an in-depth study of their inventory carrying costs usually find they have significantly underestimated this cost driver. They may also discover that using the same carrying cost across different product lines may not make sense. But then such studies have been done only by a handful and the rest remain oblivious to the fact.

There are very many reason for the industry to hold high inventory, but primary reason for the same is unpredictability of demand and supply. Some of these can be due to lack of reliable data or market intelligence, while the others could be due to the unpredictable nature of direct logistics. Another factor which contributes to the high inventory cost could be the high cost of money in India which is between 10~12% compared to that in the west which is almost half the same.

Direct Logistics Cost

Cost/MT/Km - Coming back to the matter that should concern us most, as LSP's, is the direct logistics cost being high by 27.3%. The question then is; is the cost of moving MT/Km in India higher than what it is in the OECD countries? Or are there some other factors that are driving this high cost? The answer to the first part of the question is quite simply NO. The cost of carriage of a metric ton of cargo per kilometre in India is one of the lowest in the world at $ 0.024/MT/Km on an average for Road/Water/Rail, which is Europe & North America averages to $ 0.109/MT/Km, and though I could not get ant information on the air side, by experience I can confidently state that the cost in air cargo in India a low to a similar level. Which makes them more than 4 times as expensive as India.

Low Denominator Value - With the real time cost per MT/Km being ruled out the next things that comes to mind is the low numerator value, playing the trick! While talking to one of my customers in the Mobile Manufacturing, I was told that the total logistics cost of the company is less than 1% and this incudes cost pertaining to both Direct & Indirect Logistics. Also to note the fact that as much as 70% of the Direct Logistics for the product such as Mobile Phones, is by air cargo. This would be true for most of the high value goods, now let's consider another the example of bulk cargo, viz. coal or fertilizer, which are low value cargo and yet need to move from place to place. In this case the numerator value will be far less and therefore the logistics cost will be much higher. Just to illustrate the same I have taken notional value of 2 goods and value to cost of transportation ratio of both.

PRODUCT	COST RS/MT	ROAD FREIGHT 100 Km in INR	Freight % of Cost
Mobile Phones	1,05,00,000	5200	0.05%
Coal	6,348	4250	67%

As you may notice though the freight cost including Insurance of mobile phone is substantially higher than that of coal (23%) the logistics cost as a proportion of the product value is significantly lower. So if in India we move goods that are low value, thereby lower denominator value, even if the numerator is the same the impact on the contribution to cost ration will be extremely high.

Well, if the above assumption is correct, then the next question is, why is the inventory cost so high? The holding cost of such low value cargo can't be that high, unless we are superlatively overstocked.

Logistic Inefficiencies - Last but not the least, it is important to address the issues related to various Inefficiencies that need to be tackled. Some issues which were helpful have already fallen in place with the GST coming in play and the state border check post removed, but a lot is still desired.

Inefficiencies are present at all the stages of movement, be it domestic or international. Form the shipper or consignee, to the LSP, to the regulators, there are many gaps in the supply chain and each stake holder needs to introspect and collaborate with the other to increase the efficiency. Unethical practices by all stake holders needs to be addressed and the best way to do this is by self-regulation. The logistics industry in India has now become mature and is capable to handlings its affairs.

The purpose of writing this article was not to draw any conclusion, but to initiate deliberation on the subject, to understand where the problem lies, instead of going on a wild goose chase. In my view, and with my limited understanding, this mystery of logistics adding cost of 14% to GDP has its roots in places other than where everyone is digging. The analysis suggests that, the government should focus on creating the eco-system which is helpful in reducing the inventory loss, which as of now, apparently is the giant in the room. Hoping to make this shift in a period of next 3~5 years would be a tremendous achievement, which would have long term benefits for the country and also have a significant impact on the world economy.

ERRORS AND OMISSION INSURANCE AND THE SHIPPER'S RESPONSIBILITY TOWARDS VGM.

Keith Franklin

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The days of Officers standing on the quay monitoring load lines, wondering why the vessel isn't responding as expected and collapsed stows with containers being lost overboard should all be a thing of the past thanks to VGM.

The belated amendment (As surely this should have been a cornerstone of container shipping years ago) of IMO CHAPTER VI PART A REGULATION 2, requiring shippers to declare a Verified Gross Mass (VGM), on July 1st 2016 should have meant optimised, safe loading of container vessels but has this happened?

Partially! Previously a shipper would declare a gross weight and be taken at their word now they declare a VGM and, unless the port has a weighing/checking facility, they are again taken at their word. So what has changed? The shipper needs to register with national authorities to be able to declare a VGM using "method 2" (this is the calculation of weight of all packages, adding this to the container tare and producing a VGM) and can now be held accountable for any errors. Discovering these errors is, in most ports across the world, now relatively simple as weighing equipment is available on the crane spreaders or on a more traditional weigh bridge. If discrepancies are found the VGM is updated, the shipper informed and charged for the update. Too many updates in a given period can result in an investigation of their processes and the removal of their licence to use "method 2".

The majority of shippers are opting for "method 1" where, after packing, the container and its cargo are weighed as one. This is most often done by the port of origin and this verified mass will stay with the container until port of ultimate destination. Ports are, of course, charging for this facility which has caused some consternation around the world!

Unfortunately not all ports are able to make this investment so rely on shippers making an accurate declaration of weight (method 2 – calculation) or using a third party to weigh the container (method 1 – weighing) before in gating at the port. This should not be an additional burden on shippers as they have been obligated to provide an accurate weight of the container since 1955 when Malcom Mclean first had a notion to ship cargo from origin to destination in a box. So what happens when the weight declaration goes awry? Too much tonnage on a vessel is not the only danger with misdeclared weights. By far the most difficult to spot and control are lashing forces. On deck lashing stresses have increased as container ships are built

ever larger. Stability of these vessels are different from preceding smaller vessels as the metacentric height (GM) has increased causing the vessel to roll in a shorter cycle and more violently meaning cargo, that can be 130ft above sea level, has a greater force applied to it. Think of a Weeble (Weebles wobble but they won't fall over) A vessel, or weeble, with a quick correcting action (returning upright) means high speeds at the topmost point and sudden changes in direction.

I have recently dealt with a case where the misdeclaration of weight for a number of containers was certainly contributory and possibly the cause of a stack collapse onboard a vessel whilst at sea. These containers' weights were declared to the port as 2.3t and not 23t and so were planned as 2.3t and stowed in the top tier on deck. During sea passage the carrying vessel encountered heavy weather and, despite having good stability, the container lashings were subjected to immense force. The result? The lashings failed. Fortunately no containers were lost overboard, adjacent containers and parts of the ships structure were damaged though. The vessel was unable to continue her intended voyage and had to divert to the nearest port for remedial operations.

In this case the freight forwarder had put themselves forward as the shipper by being named as such on the carriers' bill of lading. The responsibility for providing the VGM rests with the shipper regardless of who packs the container. Freight Forwarders and agents should be aware of this responsibility and have processes in place to ensure correct information is provided to the carrier.

After much back and forth between the shipper, the carrier and their respective insurance companies (the ports are absolved as they are merely an intermediary) a compromise was reached where the shipper accepted the demand for a portion of the costs. The costs? Vessel diversion: bunkers to divert and bunkers to try and regain schedule position. Bunkers are a vessel's biggest outlay. An 8000teu ship could consume around 150t of bunkers per day at an average price of USD360 per ton. An 8 hour diversion would cost approximately USD36,000 (8 hour diversion + 8 hours to get back in position = 16hrs). These figures may vary but you get the picture! Add on speed up costs to make up the lost time… Crane Hire: standard ship/shore cranes could not lift the containers off of the vessel so a mobile crane had to be hired for two days work. Vessel Repairs: varied from bent rails to dented hatch covers. Container damage: Damage to the offending containers and to the adjacent containers. As you can tell the financial consequences are penal both for the Insurance Underwriter and for the client come renewal.

Correct weight information is critical. IMO have attempted to safeguard crew and vessels with this new legislation but, until all ports around the world are effectively able to police the weight declarations of shippers, there is still the potential for disaster.

Now all we need to do is to be sure what's actually inside the container…but that's a whole other article.

EVENTS

AMTOI 21ST AGM HELD ON 16TH SEPTEMBER 2020

The Association of Multimodal Transport Operators of India – AMTOI, held its 21st AGM on the 16th of September 2020 using a virtual platform for the 1st time. Using the virtual platform saw a lot more participation at the AGM by members from other regions in India.

The well attended AGM was followed by a well curated "AMTOI Dialogues" session with two very eminent speakers namely, Mr. Suresh Parekh from Polestar Maritime and Mr. Tigmanshu Dhulia a renowned Director from the film Industry to give a different perspective from outside the industry on the current business scenario.

Mr. Shantanu Bhadkamkar, President, AMTOI, welcomed the Chief Guest, the speakers and attendees.

The AGM proceedings started on time with a brief moment spent in silence paying homage to those who lost their lives during the year – the brave soldiers protecting our borders, the front line COVID 19 warriors, the police personnel and our AMTOI members. After presentation of the Annual report for the term 2019 -20 by the Hon. Secretary Mr. George Abrao and the Audited financial report by the Hon. Treasurer Ms. Anjali Bhide, the results of the election to two posts of the managing committee was announced.

This was followed by the customary presentation of citation by the President Mr. Shantanu Bhadkamkar to members – M/s Tulsidas Khimji Pvt. Ltd. for completing 125 years, M/s L P (India) Logistics Pvt. Ltd. – 100 years, M/s Nabros Transport Co Pvt. Ltd. – 50 years, and for completing 25 years to M/s AMI Global Logistics Pvt. Ltd., M/s Atlas Shipping Services Pvt. Ltd., M/s Cargomar Pvt. Ltd. & M/s PDP group.

The program then moved on to a very interesting and informative "AMTOI Dialogues" session which was craftly moderated by Mr. Xerrxes Master the Vice President of AMTOI.

The first speaker for this session Mr. Tigmanshu Dhulia spoke on how the film industry has adapted to the changes post the COVID 19 with the importance and relevance of OTT or Over the Top Media platforms like Netflix, Amazon, Disney, Hotstar etc. in view of the current pandemic. He also shed considerable light on how the industry is combatting the situation and how he foresees the future shaping up. Mr. Master also, questioned Mr. Dhulia on the raging debate on nepotism currently prevalent in the industry.

The second session with the very renowned shipping industry stalwart Mr. Suresh Parekh dealt on the subject of the relevance of "family business" in our industry today, their branding, legacy and how to meet the challenges of the future including combatting the current situation. Mr. Suresh Parekh in his inimitable style floored the audience with his frank and forthright views. He impressed young and old with his zest, enthusiasm and optimistic outlook in these very challenging times.

Both sessions were followed by a Q&A session which saw active participation from the audience.

AMTOI has for the very first time recorded these sessions and is now available on its Youtube channel for posterity and benefit of its members.

The AGM concluded with Mr. George Abrao the Hon. Secretary giving the vote of thanks. On conclusion of the knowledge session, the 1st Managing Committee of the year 2020-2021 was held again on virtual platform.

The following office bearers were elected for the year 2020-21

Mr. Shantanu Bhadkamkar
President

Mr. Xerrxes Master
Vice President

Ms. Anjali Bhide
Honorary Secretary

Mr. Arun Kumar
Honorary Treasurer

DIGITAL PLATFORMS IN LOGISTICS SECTOR: TRANSFORMING LOGISTICS

Vikas Kharbanda

The Logistics and Supply Chain sector is making headway towards a thriving future which is notably attributed to the colossal competition amongst logistics service providers in abundance. Globalization and urbanization is on its peak with an ever increasing cross border trade and global logistics market growth expected to record a CAGR of almost 7% by the end of year 2022. The consumers and end customers in this era are equipped with the digital know-how of things and flourishing with increasing disposable incomes. Also with the retail and e-commerce avenues impending with innovative disruptions in supply chain, expediting the fastest end to end logistics and warehousing solutions and structured inventory management. This has aided the customers in making sophisticated and planned purchase decisions. The shortened turnaround times, phenomenal service deliveries and customer satisfaction levels that e-commerce services have seeded in the consumers high service expectations and set service benchmarks, which has resulted in companies getting associated with the conventional logistics service providers.

Digitalization is another less explored domain in the logistics arena which the traditional players have lagged to capitalize. This has led the start-ups to maximize on the opportunities. In the past few years we have seen innovative online platforms coming up to serve logistics services and fill the loopholes. Start-ups like Ecom Express, Delhivery, Rivigo, Blackbuck, Freightos, Freightbro, LogYcode, Cogoport to name a few have made the most of reviving the old-hat modus operandi of the logistics sector thereby revamping customer experience and integrating the loose ends of the logistics industry.

The year 2019 has seen huge investments by start-ups in the logistics and supply chain sector in India. The first half of the year itself saw capital influx of a mammoth $6.25 billion. Delhivery, the Gurugram based start-up catering to the e-commerce logistics, first and last mile solutions has gained the Unicorn status valued more than $ 1 billion.

Other start-ups lining up for Unicorn status in the making are Blackbuck, Rivigo and Locus. Then the league follows with the various diverse start-ups addressing the gaps and filling the fragmented loopholes using technology in the existing logistics sector. To name a few are Ecom Express, Loadshare, Cogoport, LogYcode, Freight Bro, Shipsy and so on making their mark and excelling in their respective arenas.

QUESTIONS & ANSWERS

1. The large increase in pirate attacks between 2008 and 2009 was due to a surge in attacks off the _____ coast.
- A. Indonesia
- B. China
- C. Somalia
- D. India

2. Which of the following tax is levied to coastal ships registered under the Merchant Shipping Act?
- A. Tonnage Tax
- B. Coastal Tax
- C. Vessel Tax

3. Which organisation provides integrated dredging services to the major port of India?
- A. Shipping Corporation of India
- B. Hooghly Dock and Port Engineers Ltd
- C. Dredging Corporation of India
- D. Ministry of Shipping

4. Which of the following is the tidal port?
- A. Kandla Port
- B. Kochi Port
- C. Tuticorin Port
- D. Ennore Port

5. Which Indian port handles export of iron and aluminium to South-East Asian countries?
- A. New Mangalore
- B. Chennai Port
- C. Visakhapatnam Port
- D. Haldia & Kolkata Port

6. When was Indian Maritime University (IMU) was set up?
- A. 2008
- B. 2009
- C. 2010
- D. 2014

7. How does a "heavy lift" vessel that is semi-submersible load its cargo?
- A. Partially sinking itself with ballast, floating the cargo over the ship, and then refloating the ship
- B. Large cranes mounted on the ship
- C. Special loading and unloading machinery
- D. Large cranes mounted on the dock

8. What is one of the primary weaknesses of the Pure Car Carrier (PCC) or Pure Car and Truck Carrier (PC/TC)?
- A. Their slow speeds and high value cargoes make them a prime target for pirates
- B. Loading and unloading doors in the bow have rubber seals that can fail and sink the ship
- C. The large cargo hold with no watertight bulkheads causes the ship to become unstable and capsize relatively easily when water gets in
- D. Their shallow draft design makes them unstable and prone to capsizing

9. A tanker of between 120,000 and 180,000 deadweight tons (DWT) size is called _______ ?
- **A.** Aframax size
- **B.** Suezmax size
- **C.** Handymax size
- **D.** Panamax size

10. What were the names of Columbus' three ships?
- A. Flora, Fauna, Petrona
- B. Resolution, Reliant, Enterprise
- C. Galileo, Copernicus, Kepler
- D. Nina, Pinta, Santa Maria

11. If there are 2 seals on a container, which seal number must I as a line or agent take into account as the important one??
- A. Right Door
- B. Left Door

(In a container there are two doors.. The left door must be closed first before the right door is closed.. So if there is a seal on the left door and a seal on the right door, the seal on the right door is considered to the more important one because this seal would have to be broken first in order to gain entry into the container..)

12. What is the full form of EmS & MFAG No. in the Hazardous Packing Declaration?? *
- A. EmS = Emergency Schedules & MFAG = Medical and First Aid Guide
- B. EmS = Emergency Systems & MFAG = Manufactured Age of the product
- C. EmS = Emergency Medical Systems & MFAG = Mainly For Active Gas

13. What is FIO, FILO, LIFO, FLT in bulk and break bulk trade??
- A. FIO : Free In/Out; FILO : Free In/Liner Out; LIFO : Liner In/Free Out; FLT : Full Liner Terms
- B. FIO : First In and Out; FILO : First In and Last Out; LIFO : Last In and First Out; FLT : Fully Out
- C. FIO : Freight In/Out; FILO : Freight In/Local Out; LIFO : Local In/Freight Out; FILO : Freight In/Local Out;

14. What is the difference between a Max Payload & a Max Gross weight of a container..??
- A. Payload = weight of cargo excluding packaging, Gross Weight = weight of cargo+tare
- B. Payload = weight of cargo+tare, Gross Weight = weight of cargo
- C. Payload = the price you pay for the cargo based on its weight, Gross Weight = weight of cargo
- D. Payload = weight of cargo including packaging, Gross Weight = weight of cargo+tare

15. What is a stale Bill of Lading??
- A. A bill of lading whose negotiation time has passed
- B. A bill of lading whose L/C date has expired
- C. A bill of lading that has been issued illegally
- D. All of the above

1-C, 2-A, 3-C, 4-A, 5-D, 6-A, 7-A, 8-C, 9-B, 10-D, 11-A, 12-A, 13-A, 14-D, 15-A & B (both are correct)

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