AMTOI NEWS

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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.

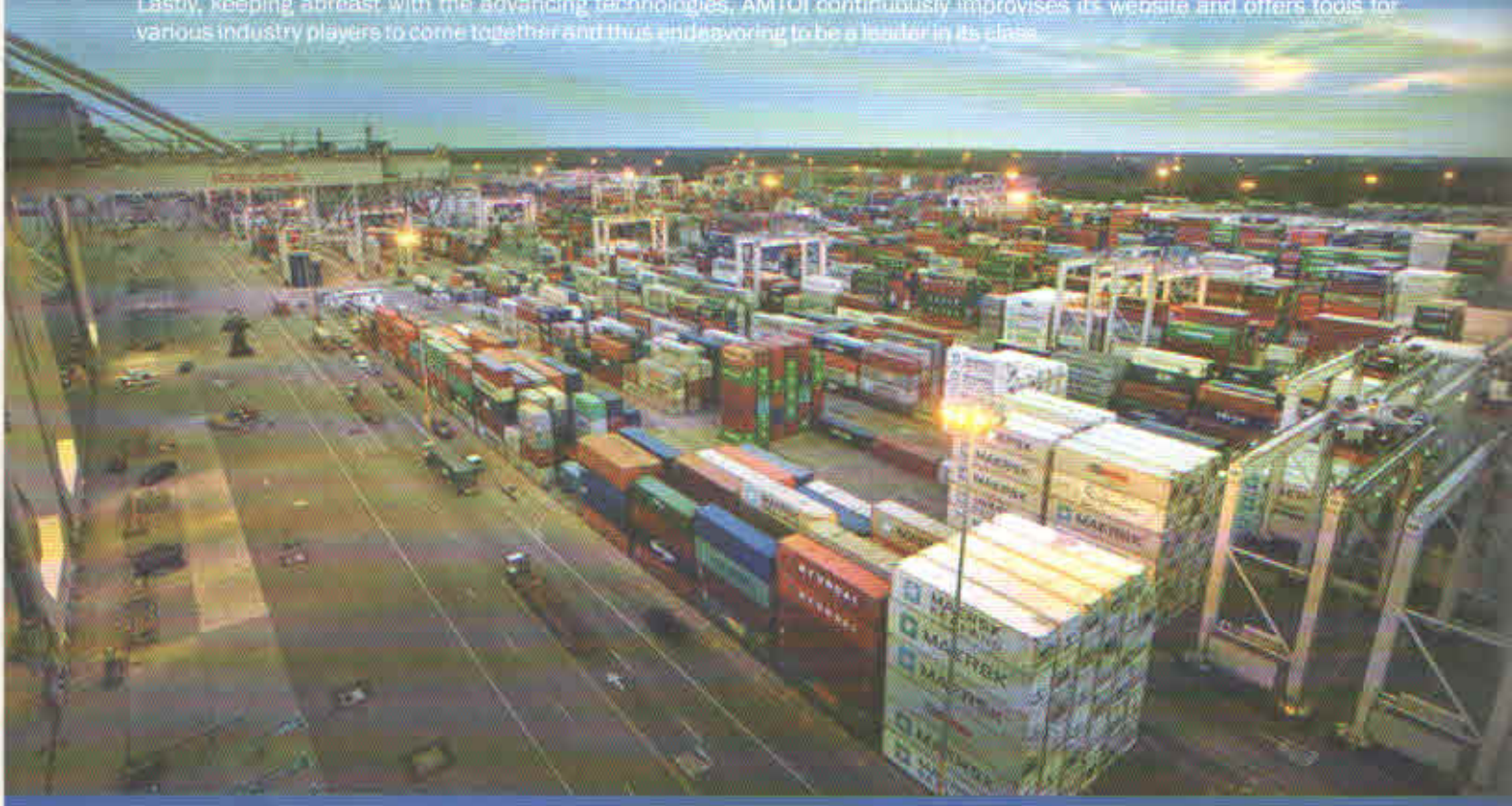
AMTOI has been able to secure representation on Government bodies like the Standing Committee on Promotion of Exports, (SCOPE Shipping and SCOPE Air), Task Force on Multimodal Transport and various other forums of the Ministries of Shipping, Commerce & Finance of the Government of India. The Association 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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H-Wing, Unit No.: 234, Kanakia Zillion, BKC Annexe,
LBS Marg, CST Road Junction, Kurla (W), Mumbai - 400070
T: 9029078350 - 9029078351 - 9029078353 - 9029078354
E-mail: info@amtoi.org www.amtoi.org

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Editor
Shantanu Bhadkamkar / Xerxes P Master

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Xerxes P Master

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Registered Office
H-Wing, Unit No.: 234, Kanakia Zillion, BKC Annexe,LBS Marg, CST Road Junction, Kurla (W), Mumbai - 400070
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9029078353 - 9029078354
E: info@amtoi.org
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- Indian National Shipowners' Association
- Federation of Ship Agents Association of India
- Consolidators Association of India Coastal
- CFS Association of India
- Indian Private Port & Terminals Association
- Association of Container Train Operators
- Women's International Shipping & Trading Association
- Container Transporters Association
- All India Motor Transport Congress
- Hydraulic Trailer Owners Association

From the President's Desk

Since the Prime Minister announced the Make in India campaign, manufacturing has been one of the highest growth sectors in the economy. The sector, whose gross value added (GVA) fell to $284.25 billion in FY14, witnessed a compounded annual growth rate (CAGR) of 4.34% between 2012 and 2018, as per the second advance estimates of annual national income published by the Government of India, and currently stands at $388.01 billion.

Analysts peg India to turn into the fifth largest manufacturing country in the world by 2020. The Make in India drive has put India on the path to becoming a manufacturing hub for global behemoths like GE, HTC, Siemens, Toshiba, Boeing and many more.

A major contributor to the success and growth of the manufacturing sector is logistics. However, logistics has been dominated by the disorganised sector and lacks transparency, predictability and consistency. This is changing rapidly, though, with a multitude of forces acting on the sector, both from outside as well as from within it.

First, the good news. According to research and ratings agency ICRA, Indian logistics is poised to grow at 9-10% over the medium term while CRISIL belives, the logistics sector, currently valued at about $160 billion, could grow to $200 billion in three years. I would argue that with digitization, the wheels for this growth have already been set in motion.

Second, as it well known by now,in every challenge there lies an opportunity, within the industry, we are seeing the emergence of a new breed of technologically enabled logistics start-ups that are disrupting the established ways of doing business. These new companies are transforming the industry from supplier dominated to a more customer sensitive industry. My predecessor has expanded on this in an article included in this issue in the subsequent pages. AT AMTOI, we are setting up a technology council to guide our members forward in the process of adopting and integrating technology in their business. It could well be the current challenge turns out to be an unprecedented opportunity to become much more customer-oriented as well as more efficient in the way we conduct business.

Blockchain is another buzzword today. Essentially, this is a distributed database that maintains an ever-growing list of records called blocks, transfers information with a timestamp that is locked and cannot be altered. Modern logistics networks today cater to expanding

global markets, resulting in supply chains that span over hundreds of stages over months and multiple geographical (international) locations, including tonnes of shipping, customs paperwork and multi-level payments, involving numerous stakeholders. Hence, logistics is an ideal sector where blockchain can be applied.

An emerging external threat is from online retail giants who are a competitive force, muscling their way into container freight. These e-tailers have a head-start when it comes to technology adoption and their growing clout is another trend that bears watching.

I am happy AMTOI is as open-minded as it is a close-knit community and these are both strengths that we will need in these really challenging and opportune times.

Best regards

Nailesh Gandhi
President
AMTOI

Marching East

India's north-east is key for the country's enhanced ties with ASEAN countries.

The Look East policy of the Government of India strengthened India's political, economic and cultural relations with the countries in south east Asia and the Pacific region. It played an important role in shaping India's emerging economic policies in the region. The Act East Policy, is a continuation of the same policy with greater engagement. As a part of this policy, India has been developing several multimodal transport projects with the nations comprising the Association of South East Asian Nations (ASEAN).

India has upgraded its logistics infrastructure by providing enhanced connectivity to the states in its north-east region. This includes roads, telecommunications and power connectivity within and outside India, connecting with the countries in the neighbourhood. Along with the improvement in physical infrastructure, there is a special effort to increase people-to-people contact for strengthening trade and commerce. Some of the major projects include Kaladan Multi-modal Transit Transport Project, India-Myanmar-Thailand Trilateral Highway Project, Rhi-Tiddim Road Project, Border Haats, etc. Among the connectivity projects already envisaged is a four-lane trilateral highway linking India (Moreh in Manipur) with Mae Sot (Thailand) via Myanmar, which will be expanded to Laos, Cambodia and Vietnam.

A delegation of AMTOI (Nailesh Gandhi, President; RK Rubin, Vice President; Ravindra Gandhi, Treasurer; SS Bhadkamkar, Managing Committee Member and Pramod Srivastava, Convener - Eastern Chapter) led by the AMTOI President, visited Shillong (Meghalaya), Guwahati (Assam) and Imphal (Manipur) from April 16 to April 20, 2018. Atul Kulkarni, Advisor (International Projects), Indian Port Association (IPA), organised an extremely dense, yet meticulous schedule of meetings with all the important stakeholders. The AMTOI delegation met the Chief Ministers of all the three states and important political leaders who have taken interest in this initiative, senior bureaucrats, chambers of commerce and industries' associations, educational institutions and logistics intermediaries such as container freight stations.

"Improving connectivity in northeastern states is the key to the success of the Act East policy that seeks to strengthen India's ties with countries in the Asia-Pacific region."

- Gen V K Singh
Union Minister of State for External Affairs

The highlights of the trip were:

- Awareness about the considerable upgrades in logistics infrastructure, which includes the upgrades to airports (and air connectivity), and even more, road connectivity within the north-east region.

- Both the political leadership and senior bureaucrats took a keen interest in discussing how best the logistics industry in India can participate in this growth story emerging out of the Act East Policy.

India's north-east is key for the country's enhanced ties with ASEAN countries. Multimodal connectivity will enable growth, thereby enabling Indian producers, manufacturers and traders to strengthen their manufacturing and trading businesses. It will catalyse the creation of their bases in north-east India for doing business with the south east Asian market more effectively. AMTOI will continue to participate in the economic element of the Act East Policy, consistent with its policy of participating in the government's economic initiatives, particularly where maritime logistics is concerned AMTOI will continue to be at the forefront to pilot projects in coordination with the government.

On a similar issue, AMTOI is in discussion with the Ministry of Commerce for the development of the International North Sea Transport Corridor (INSTC). The ambitious INSTC project was conceived way back in September 2000 by Russia, Iran and India, and later came into force in 2002 after being ratified by the three countries. Since then, 11 more nations have joined the project: Armenia, Azerbaijan, Belarus, Bulgaria (observer status), Kazakhstan, Kyrgyzstan, Oman, Syria, Tajikistan, Turkey, and Ukraine. Once fully operational, INSTC will cut down on the transportation costs of goods as well as the transportation time. While it currently takes more than 40 days for goods to travel from India to Russia, after the opening of INSTC, transportation would be completed in less than 25 days, thereby cutting down transportation time by 30-40%. INSTC will help India to gain smooth access into Central Asia and beyond. It is estimated that the corridor will facilitate carrying 20-30 million tons of goods per year.

Taking note of the fourth Industrial Revolution i.e. the digitization of commerce, AMTOI has taken an initiative to strengthen its members information technology (IT) and e-commerce capabilities by organising seminars, piloting the Blockchain project and creating a think-tank. AMTOI has always been at the forefront of all growth-oriented initiatives, be it outreach to the stakeholders, advocacy for regulatory issues or training and educational matters.

"Digital transformation is now spreading rapidly to enable organizations of all shapes and sizes to reinvent themselves. The future of organization has amazing digital traits such as adaptability, differentiated competency, innovation, customer-centricity, empathy, and participation."

- Pearl Zhu in Digital Maturity: Take a Journey of a Thousand Miles from Functioning to Delight

AMTOI News is a platform to share ideas with its peers and other industry stakeholders. We will continue to disseminate news and information about new developments. This effort will be more effective with a two-way communication; we, therefore, seek your feedback; and even more, we will appreciate if you can share your new ideas, your views and thoughts on any or all the issues reported in the newsletter. We bring out the AMTOI News with great passion. We hope the members will spare a few moments to read the issue. We take this opportunity to extend our warm greetings to all members and wish you all an enjoyable time as you read through the content we have created.

Warm regards
Shantanu Bhadkamkar

Interview - Women in Logistics

"We require a strong support system for the working woman."

A first-generation "accidental" entrepreneur, Anjali Bhide is Managing Director at Taurus Lines, which she started in 2003. Involved initially in dry bulk chartering and broking activities, the product and service offerings gradually expanded under her leadership with a third business vertical established in 2013, and all activities now branded under the NYANJA Group of companies. Mrs. Bhide has completed her Masters degree in French literature from Mumbai University and holds a diploma in German Literature from Max Mueller Institute, Mumbai.

Here, she offers her views on the inclusion of women in the logistics industry.

Drawing from your own working experience, would you say the difference in gender representation is larger in the logistics industry as compared to most others?
No, I don't think so. Across industries, the gender mix is not balanced. As for the logistics industry, indeed, one does not see many women in logistics or supply chain management (SCM), and those who are involved are largely in the support functions or the plain vanilla positions of the organization. Only a handful are in leadership positions and very few are business owners, especially first-generation entrepreneurs.

What are the roles women can play in logistics? Is it mostly service-oriented positions or do you think technical positions such as machine operators and storage technicians can also be taken up by women?
Like in every other industry, women can play

a very important role. There exists a huge skill deficit in the logistics industry which women can effectively bridge, be it in customer service, documentation, accounts or even technical positions. They have the qualifications, the potential and the perseverance required to learn new skills. Since there remains a large number of women who are unemployed, they can be offered several positions in the industry.

"The root cause for the male-dominance is our culture and Indian traditions... there needs to be a paradigm shift in the mindset."

Are there enough opportunities for permanent and professional development for women in logistics?
Most certainly. The very nature of the logistics business is dynamic, ever-changing, promising and full of potential to explore and develop natural skills and to channelise in-built capabilities.

What are the trends, particularly in India, with respect to the entry of women in this industry? Are there more women today than earlier?
Broadly, I would say that more women wish to work although it may not be specifically in this industry. The awareness of the logistics industry and of the opportunities it offers is not wide-spread. Although this appears to be the case, I do not have specific data to support this observation that there are more women today than earlier.

What are some of the barriers to entry for women in workplaces, including logistics, and are these changing?
The entry barriers would be things like long working hours, a requirement to travel, a workplace which has substantially more male colleagues, difficulty in coping with a 24-hrs service model, and the traditional role of a woman, as perceived by society. Yes, perspectives are changing; but this change is very slow and restricted to certain strata in our society.

What do you think is needed for women to be able to work without hindrances of any kind in a male-dominated industry such as logistics?

What has been your own experience?
The root cause for the male-dominance is our culture and Indian traditions, which, in my opinion, are the key contributors to this gender imbalance. There needs to be a paradigm shift in the mindset. To steer this, first, we require a strong support system for the working woman. As we all have experienced, in the logistics industry, working hours often stretch well beyond standard office timings. The interaction with males is far higher than in any other industry and work pressures can also be acute as time is of the essence. Day-care centres for children and the elderly, a trusting and supportive partner/ spouse and respect from male colleagues at the workplace are a few factors which will encourage women to take up full-time jobs in this industry. Due to the perception of a women's role and the permissiveness of woman in the workplace, it is often difficult for them to opt for a career in logistics.

Are there special support groups, forums and platforms for women in logistics and do you think this is needed in order to pave the way for a larger role for women?
There do exist groups such as the Women's International Shipping & Trading Association (WISTA) for women who are already a part of the industry. What is really required to be done is to spread the awareness of the career opportunities in our industry and potential for growth to those outside.

A Changing Landscape

Global trade continues to evolve in a way that may not support the traditional export oriented, free zone model.

Around the world, special economic zones (SEZ), free zones, industrial parks and export processing zones (EPZ) have all contributed to economic growth. Here's my perspective on these especially designated areas and an overview that includes some examples of spectacular success, but also, closer home, in our country, what must be done to revive these elements of economic growth.

What are SEZs, EPZs and Free Zones?

Wikipedia defines these as an area, where the business and trade laws are different from the rest of the country. While countries define SEZs formally in their legislations, these zones are essentially geographically separated fenced areas and enjoy customs, tax and other benefits for units located in the area; single management or administration, streamlined procedures, etc.

Who Sets These Up and Why?

SEZs or export processing zones (EPZs) and other such areas are set up by governments to increase trade, investments and create jobs, among other things. Subsequently, developers, co-developers, unit holders and other stakeholders contribute to their success.

Whereas ports are gateways to the hinterland, and focus on enabling cargo and passengers to move in and out as efficiently as possible, these zones are focussed on cargo generation and aggregation-disaggregation. Hence, the approach towards their development is similar and complementary.

Models

While there are several models including Free Trade & Warehousing Zones (FTWZs), EPZs, Free Port & SEZ and Coastal Economic Zones (CEZs), for a better understanding, one could group these together as follows:

- The traditional model, focusing on manufacturing and storage, largely for export, such as FTWZs, EPZ, etc.
- The relatively recent and larger zones, that include manufacturing, logistics, commercial and residential activities, such as SEZs, CEZs, etc.
- The above groups are nonexclusive and FTWZs could be and, often are part of SEZs.
- Industrial parks focus on manufacturing, may have incentives for investors and may or may not be part of SEZs, which focus on exports and imports.

Some Learnings from China

From my visits to several industrial parks and SEZs including Shuzou Industrial Park, set up in partnership with the government of Singapore, Lingang Industrial Park near Shanghai, Yangshan and Shanghai ports and Shenzhen SEZ, including one of its six FTWZs - Futian Free Trade Zone - the takeaways include active government support, experimenting with different models, ensuring competition between zones, gradually upgrading technology, as well as providing autonomy, among other such positive steps.

With China's investment-led growth policies, including in SEZs, China itself significantly benefited from the success of SEZs and industrial clusters, significantly attracting foreign direct investment (FDI), growing its exports multifold, creating jobs and thereby contributing to the country's gross domestic product (GDP).
With China's manufacturing moving inland, expect new zones to continue to develop, as the existing zones transition to more technology-assisted manufacturing of high-tech products and consumption-led growth continues to rise.

The India Story

While SEZs have been an important element of India's commercial policy, failed implementation of the same is often cited as a country case study. The learnings include, relationship with the domestic trading areas (DTA) for job work and sales, imposition of minimum alternate tax (MAT) and income tax, leading to lack of investor confidence, the state governments not

supporting this scheme, which is perceived as a central (federal) government initiative and non-availability of external commercial borrowings (ECB) and refinancing options, among other things.

While the government of the day perhaps backed down or rolled back some of the incentives granted earlier to avoid distortions in the local economy and the possibility of money laundering through under-invoicing of imports in these zones, the result is huge parcels of land, estimated at over 25,000 hectares along with the built-up capacity, are lying unutilised. No doubt, this has also contributed to the non-performing assets (NPA).

On the other hand, there are examples of successful EPZs and FTWZs in India, where there are multiple models including National Investment & Manufacturing Zones (NMIZ), textile and food parks, besides SEZs, FTWZs and SEPZs.

With India's consumption story remaining intact and the thrust of the present government towards manufacturing - Make in India, Ease of Doing Business – and the willingness to manage change based on feedback, expect a revival in the SEZ story.

Middle-East

Middle-eastern countries like United Arab Emirates (UAE) have leveraged SEZs to drive their core economic policies. For example, Dubai has over 20 free zones, with over 15,000 companies and over 200,000 jobs created. The success of Jafza has been spectacular and the model of the first free zone at Jebel Ali with a port plus, SEZ plus and airport has been replicated by other countries even outside the zone.

One of the learnings from Dubai is the government's strategy of seeking ecosystems that need to be facilitated in order to come together. For instance, the government has built the Dubai Media City, Dubai Finance Centre, Dubai Design District and Dubai Internet City which create their own growth momentum. Such free zones promote this sort of clustering.

Abu Dhabi has established its financial and media zones and is promoting the strategically located Abu Dhabi and Al Ain industrial cities, under Zones Corp. While Saudi Arabia's Kind Abdullah Economic City continues to grow, it has recently publicised plans for the mega city NEOM as a part of its vision 2030. Other Gulf Cooperation Countries (GCC) countries, including Oman, Qatar and Bahrain continue to pursue their economic zone initiatives aggressively.

While SEZs in the middle-east region continue to support diversification of the economy and promotion of non-oil revenues, strategic planning and implementation of these projects would

differ, based on the overall job creation objectives. Most businesses (unit holders) in SEZs seek to leverage cheap foreign labour, which could result in slower job creation for the host country. An alternate approach is to focus on attracting talent and visitors, some of whom set up competitive businesses, which then create jobs.

Factors for Success

Here are a few key points that may be considered.

- Clear purpose, vision, active government support and commitment. This will lead to location selection, strategic planning and cluster identification, based on local comparative advantages and linkages
- Quality infrastructure and multimodal connectivity to domestic and international trade lanes; innovative and thoughtful service design, implementation and monitoring
- Relationship with the ecosystem. Continued stakeholder management, including with the government, various ministries, trade, industry, workers, academia at home and abroad, and building brand awareness
- Ability to experiment and change based on feedback of what is working, from the global value chain or trade (FTA) perspective
- Other than the above, one must keep in mind that soft infrastructure contributes significantly to the success of SEZs, FTWZs and industrial parks.

What is Changing?

- Global trade continues to evolve in a way that may not support the traditional export oriented, free zone model. Hence, building economic zones for export may not be the only answer. These need to have local linkages in manufacturing as well as trade, based on comparative advantages of the region
- Government commitment and willingness to learn and experiment with new trade facilitation agreements. The ability to change strategies, based on evolving country comparative advantages, is becoming important. We can't set up a zone, allocate land and consign it to govern itself for the next few decades. There is, however, a need to strike a balance between oversight and autonomy
- Building only clean-tech industries (hi-tech, educational-tech, med-tech) may not work. Someone has to meet the demand for non-clean-tech as well
- Soft infrastructure and information, communications and technology (ICT) is as important to leverage the hard infrastructure
- With the fourth industrial revolution is changing us, more businesses would, perhaps, like to operate in such zones with liberalised regulations, incentives and quality infrastructure, including ICT, leveraging the local comparative advantages.
- I see a bright future for economic zones and industrial parks as this is where infrastructure development, consumption and trade are coming together. New cities, perhaps smart cities, are emerging and these would contribute to improve the economies of all countries.

What do you think are the other factors for the success of free zones?

*This article is authored by **Subhasis Ghosh,** Managing Partner and Founder, Apex Group, and co-founder, Maritime World Services.*

Container Feeder / Short Sea Services

The unsung heroes of containerisation.

Going over the coverage on container shipping, one finds there is little or no content available on short sea/feeder services, and its contribution and significance. While there is lots of coverage on container shipping and containerisation, information on container feeder services is conspicuous by its absence. I wish to put forth my perspective.

Container shipping has grown by leaps and bounds and almost every type of cargo that can be unitised has been containerised, making it the leading form of cargo transport globally. Thanks to unitisation, the container can be seen in almost every corner of the globe and has perhaps the highest visibility amongst all assets used in maritime transport. However, little is known or appreciated of the crucial role played by container feeders in this highly visible means of transport.

Container feeders play a vital role of being the first or last mile (many a times both) in the journey of a shipping container. Feedering contributes significantly to the development of a new port and feeder vessels are amongst the first vessels to make a port call. Connectivity to small ports with hub ports is only possible through feeders. Container feeders are of two types – common carrier feeder and dedicated feeder – with the former being an independent operator who is free to accept containers from several different mainline operators (MLO) on a given route. The dedicated feeder, usually, is an exclusive arrangement with an MLO, operated either by a feeder operator or by the MLO itself. Some mainlines have a separate division which operates dedicated feeder vessels to exclusively cater to their own requirements.

Feedering plays a vital role in driving efficiencies and provides considerable value to MLOs who provide a wider bouquet of ports to their customers without deploying their own assets. Although there is synergy between MLOs and container feeder operators, it is often the MLO's network which defines the service route of a feeder operator. The business model of a container feeder operator is, therefore, highly dependent on mainline services.

Feeder services help MLOs to provide services to ports which, hitherto, were not accessible for various reasons like draft, parcel size (volume of cargo), availability of a suitable vessel, etc. Container feeders, therefore, bring immense value to the maritime supply chain. Despite this, the survival of a feeder operator is difficult unless it exhibits the deftness, flexibility and willingness to take bold decisions.

However, it is always the bigger MLOs who have hogged the limelight (rightfully so), while the smaller but key cogs in the wheel – the container feeder operators – remain unseen and often do not get recognition they deserve.

The current fleet scenario in an increasingly oligopolistic liner market has seen preference towards Ultra Large Container Ships (ULCS) for achieving efficiencies of scale. While the jury is still out on whether this will truly translate to tangible benefits, it certainly provides an opportunity for feeder operators. The ULCS will not be able to provide the reach in terms of port coverage given the restrictions in draft, port costs, and infrastructure requirements to handle ships of such size.

With the size of mainline ships growing, feeder ships too are bulking up. The Panama Canal expansion led to availability of a flurry of Panamax vessels at attractive valuations. They were snapped up by common carrier feeder operators like Xpress Feeders, Orient Express Lines, and others.

Despite the spate of mergers and acquisitions (M&A) activity, which, some industry sources believe will continue till the next year or so, one can say with a bit of certainty feedering is here to stay at least for the foreseeable future.

*This article is author by **Santosh Patil,** AVP, Indian Register of Shipping. The views expressed are his own and do not necessarily reflect those of his organisation.*

"Service Providers" in International Freight Forwarding

The evolution of international freight forwarding remains a continuous and dynamic process.

Initially, each function was handled by a specialist, namely freight brokers; custom house agents; transporters; crane and forklift operators; support service suppliers like packers, palletisation companies, fumigators, EXIM consultants, etc. Each dealt directly with the exporter or importer to the extent of their limited specialities.

As the businesses increased, so did the attached processes, complexities and execution schedules. A change in operational methods coupled with the changes in mindset of the attending personnel, both private and regulatory parties, made the situation more complex. As a natural consequence, the enterprising service provider - any service provider - offered to do, and in most cases, was rewarded with the work of the others in the chain. It did not matter if he did it himself or outsourced the same, as long as the EXIM community got their results and had to deal with a lesser number of players. Speciality was not demanded. Domain knowledge started losing importance.

The custom house agent (now customs broker in India) showed his enterprising advantage. The EXIM community was glad to deal with a lesser number of professionals in the chain.

The custom house agent found freight bookings easy to do, since it involved no direct investments. The concept of credit in freight had not dawned in the late 70's. The various other activities in the chain were outsourced and billed to the clients for each activity subsequently added down the chain. Unlike freight bookings, this

was a margin addition business and not based on commission. The transition from agency commission to business income had begun.

The EXIM community happily outsourced more and more to the enterprising service provider. Those who were experts in their own core areas, also started to engage in various other activities such as the purchase of trucks and trailers, packaging and other related EXIM services. A combination of buying a few services and offering others through in-house capabilities became the norm. A complex maze was woven wherein it was difficult for the EXIM community to judge the core strength of any particular service provider. Other service providers like IATA agents and transporters too, joined in with similar products. Each went beyond their core area of expertise, or licensed activity. The licensed limiting activity of the customs broker from filing declarations to out-of-charge in both cycles, was not a limiting factor any more.

The introduction of the Multimodal Transport Act in the early 90's blurred the demarcations further. The aspirations of the Indian service provider were fuelled by the simultaneous liberalisation of the country's economy. Very little regulatory provisions and easy access to foreign agents and their readiness to permit Indian forwarders to use their transport documents made the business of international freight forwarding very interesting. It grew rapidly.

The setting up of various ICDs/CFSs in the late 90's, coupled with amendments to the Custom House Agents Licensing Regulations in 2004, resulted in a large number of agencies for customs clearance, opening up across the country. They too, copied the existing business models. There wasn't a single agency that did just one activity. The job of processing through other regulatory departments like drug clearance and phytosanitary, including Certificate of Origin, was also thrust on the unsuspecting forwarder who attended to them without charging for those services separately.

Marketing of international freight forwarding products was undertaken by those untrained in this domain. The products started being sold as a simple buy and sell with little premium on responsibility, domain knowledge or ability. Everything was available for a flat fee. There wasn't a single domain-backed service provider that remained. What was important was the credit and the liability of a principal. Domain knowledge took a back seat. Financial ability and relationship-management was key. The EXIM community ruled, and still continue to do so. The respect of the international freight forwarder took a beating. The segment is still to overcome this.

Regulatory liberalisation, introduction of EDI and TFA-guided facilitations over the past few years have removed many processes in the chain, resulting in shrinking incomes. The complacency and lack of self-esteem of an already beaten Indian forwarder stopped them from keeping pace with the facilitations forced on them. Many of the functions became redundant. This continues to be the case. The shift in working from margins and relationships to transparency and domain knowledge is difficult to adjust to. This is understood as competition and competitive disadvantage. The involvement of credit, attending liability and responsibility is burdening Indian forwarders. He wants an escape from this; not from his passion of freight forwarding.

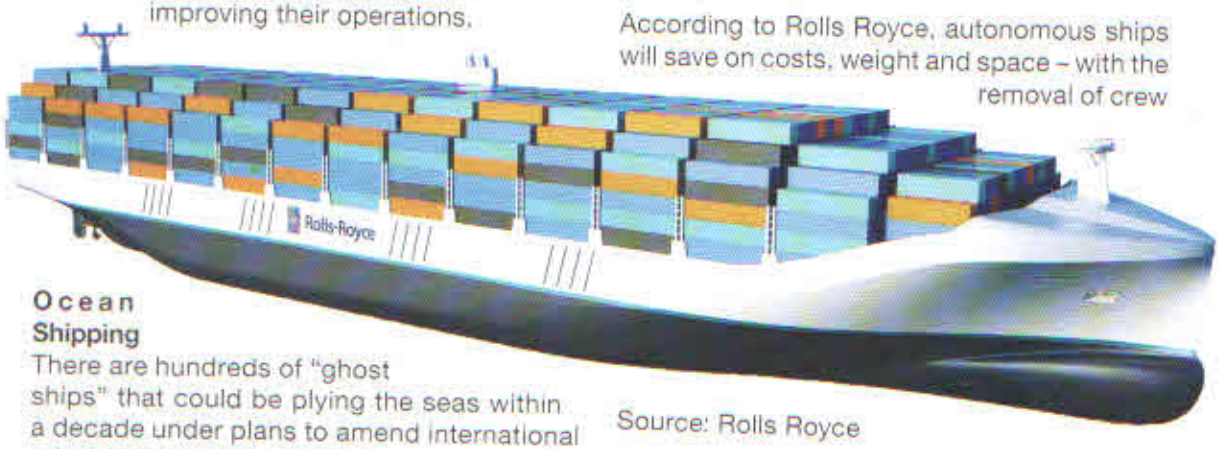
A few are attempting to be domain experts e.g.; customs brokers want to now be standalone customs brokers. A similar shift is noticed in other functions. It is presently an irreversible mode and the standalone service provider will find it very difficult to function. It is not impossible but will require a major shift in mindset, functioning, individual expectations, aspirations and market needs. We will have to really scale up operations or become niche players with a very detailed and thorough knowledge of the subject. It will be interesting to see how this segment evolves.

*This article is authored by **Samir J Shah,** Chief mentor and director, JBS Academy Private Limited; and director, Star Freight Private Limited. Mr. Shah is also a director at the International Freight Forwarders Association, IATA Agents & Multimodal Transport Operators Association.*

Autonomous Ships and Where to Find Them

There are hundreds of "ghost ships" that could be plying the seas within a decade.

Just like what the smartphone did more than two decades ago, the autonomous shipping industry is here to be disruptive and revolutionise the landscape of both ship and road operations. Futuristic, yet critical, it is important for a vehicle to be able to monitor its own health, understand its surroundings, and make decisions. In this article, we take a detailed look at how these two industries are looking at automation as a solution to improving their operations.



Source: Rolls Royce

Ocean Shipping

There are hundreds of "ghost ships" that could be plying the seas within a decade under plans to amend international rules that prohibit unmanned cargo vessels. Talk about spooky!

At its meeting in mid-June, the Maritime Safety Committee (MSC) 98 agreed on proposals for a scoping exercise that will determine how the safe, secure, and environmentally sound operations of Maritime Autonomous Surface Ships (MASS) may be introduced in International Maritime Organisation (IMO) instruments.

It simply means that IMO will consider changing the International Convention for the Safety of Life at Sea (SOLAS) to allow ships with no captain or crew to travel between countries.

As usual, technological advances are moving ahead of regulations. We will see at least three unmanned vessels at sea by 2020, with early testing expected this year in 2018. We're practically living in the future of technology!

The list consists of the usual suspects – the Scandinavians, the British and the Chinese.

Rolls Royce of Shipping

Not surprisingly, one of the ghosts slated for a 2020 launch of unmanned cargo ships is Rolls Royce. In a whitepaper published in late 2016, Rolls Royce outlines its vision to make this a reality. It's very exciting!

According to Rolls Royce, autonomous ships will save on costs, weight and space – with the removal of crew accommodation and decks – thereby allowing the ship to carry even more containers. Rolls Royce imagines that an on-land crew equipped with smart sensors, cameras and drones will control multiple ships at the same time.

Artificial intelligence will also play a major role to ensure intuitive predictability and situation awareness – enabling the ships to navigate tight spots and hazardous situations. Imagine ships being able to navigate through treacherous waters! Maybe Titanic would have had a chance and avoided the iceberg. Some of these aspects include sensor fusion, control algorithms, and communication and connectivity.

These three areas help vehicles in a couple of ways. It involves a technology that allows vehicles to gauge its surroundings, allowing

Journey to Autonomous Vessels

Source: 21st Century Tech

them to navigate to safety. This technology includes radars, high-definition visual cameras, thermal imaging and light detection and ranging (LIDAR) the project has concluded. Fusing multiple sensor inputs provides the best result. The inputs received need to be implemented in a way that allows the ship to navigate the rough seas, which involves the use of control algorithms. Talk about complex!

Rolls-Royce did a ghost-ship demo in June 2017 in which a 28-meter vessel berthed itself, undocked, turned 360°, and piloted itself to back to the starting point before docking again — all via remote control, on land.

Many have also been banking on the economic benefits of this. At a vessel level, this includes a more efficient use of space in ship design, crew and their skills, and use of fuel. Optimising processes or operations based on the real-time data that comes from ships enables economies of scale at fleet as well as reducing the likelihood of human errors, which contribute to both safety and service quality.

With the increasing complexity of roadways, the European Union (EU) has been working towards making short sea shipping more competitive with road and rail transport. Furthermore, crewing costs are estimated to be only a small six per cent of the overall cost of running a ship, while capital costs are about 42%, and voyage costs (including bunkers) run about 40%. Clearly, shipping is more capital intensive than labour intensive. This also means that while manual labour might no longer be needed, on decks, they will need to be replaced with a capable workforce who can learn and handle autonomous ships.

Terminology for ships	
Partial autonomy	The ship has systems for assessing the situation as well as the consequences and advising the navigating officer about how to react. The navigating officer is not necessarily present on the ship's bridge in person.

Source: From "A Pre-analysis on autonomous ships" by Danish Maritime Authority

If regulatory hurdles are crossed soon, we will see autonomous/crewless vessels soon plying the high seas.

Driverless Trucks: Improving Freight Shipping

José Viegas, former secretary-general of the International Transport Forum (ITF), predicts driverless trucks to have a regular presence on the roads within the next decade. Several manufacturers in the United States (US) and EU have been investing in automation, with governments actively looking at reviewing their regulations. You know that things are moving forward if international bodies are working towards modifying their regulations for advancing technologies.

Volvo Group has already taken a massive step forward in this direction. They already have a fully automated truck which has been recently

Autonomous Trucks: Big Savings For Freight Companies?

Average annual operating costs per long-haul truck (in thousand euros)

@StatistaCharts Source: Eastauto Omnibus & PricewaterhouseCoopers

statista

demonstrated in China where the driverless truck drove between delivery hubs without the need for a human operator. In an industry with huge costs, this initiative will remove up to 45% of total road freight costs.

This has raised some concerns about the trucking workforce. In a study conducted by ITF in May 2017, it was revealed that 4.4 million of the 6.4 million professional trucking jobs in both the US and Europe combined could be eliminated due to autonomous technology. Truck drivers, as self-reliant and flexible as they are, have a relatively low education level, leaving them at risk for unemployment for longer periods.

Many see this innovation as a solution to their recruiting problems. Autonomous vehicles will help the sector compensate for the current shortage of drivers in many parts of the world.

Automation, however, doesn't mean a complete cut down in jobs. There are still certain aspects of the shipping process that cannot be done automatically. This includes roles that will help monitor the truck and even control them remotely if necessary. Furthermore, cargo needs to be manually loaded and unloaded which can be seen as a difficult area to automate.

Due to the complexity of this technology, this will be implemented gradually. Experts predict that in the initial run they might require drivers even during high degree of automation that falls short of full self-driving capability. The slow introduction of the technology will allow for a gradual retraining of the workforce, and a managed transition to the new technology. It gives those working in the industry time to accept the change instead of rejecting it as soon as it arrives.

There are still few hitches that need to be fixed before road cargo can go completely human-less such as difficult turns and junctions, finding a way to manage the several brands of carriers within a fleet, among others.

We sure have an interesting decade coming up with ghost ships and trucks. Not to mention vacuum trains – but more about that next time!

*This article is authored by **Liji Nowal**, Managing Director, ODeX India Solutions and co-founder, Esfera & Aster (E&A).*

AMTOI to Set Up a Logistics Technology Council

The logistics industry is lagging technology implementation, but has the best possibilities for its application.

When the chief executive officer (CEO) of a company says he is going to implement new technology initiatives to streamline processes and improve efficiency, all of us are impressed but at the same time, thoroughly confused.

For instance, he may say: "This year, we are going to use robotic process automation (RPA) to bring about consistency and speed in our logistics processes. This will greatly assist in the business continuity plan (BCP), help us organise data security, easily deploy business intelligence (BI), and position us for participating in new block chain initiatives".

For most of us, this is Greek and Latin and we are not sure what this means. It is true the logistics industry is lagging when it comes to adoption of technology, but the irony is this is an industry where technology has the best possibilities of application.

Every day, we read and experience technology in different walks of life, be it at work, when we make an online purchase or when we pay our taxes. Large manufacturing, retail and e-tail companies are heavily investing in technology to organise their logistics while simultaneously, the government is on a fast track to digitalising most functions. Another important development is the availability of bandwidth. Fourth generation (4G) data is available virtually free of cost and internet bandwidth, too, available at all-time low rates.

The current government dispensation has been bringing in technology across sectors. This wave has now reached our industry. The Indian Port Association (IPA), under the aegis of the Shipping Ministry, has awarded the operations and maintenance (O&M) of the port community system (PCS) to a new service provider. The new provider has a mandate to bring massive changes with respect to interchange of data during cross-border trade through the maritime route. With the new provider in place, we expect a rapid increase in the flow of electronic data. Where does this leave us logistics services providers? We have a choice to either climb the technology bandwagon or wither away into oblivion.

At AMTOI, we have identified this gap and decided to do something about it by establishing a technology council. We have identified two major challenges, one being that most of the players are small and medium enterprises (SME) and do not have the funds and/or competencies to adopt technology. Moreover, they just don't have the luxury of being able to invest in fancy enterprise resource planning (ERP) systems, electronic data interchange (EDI) platforms, business intelligence transformation (BIT) tools and chief technology officers (CTO). The second challenge is technology companies who are services providers, have not been able to evolve their solutions at par with what they offer other industries, as they have not invested in building these platforms required by the logistics industry.

The problems outlined above can be overcome by bringing all technology service providers on a single platform, where the following activities can take place:

- Discuss latest trends in technology
- Exchange ideas relevant to the Indian context
- Explore opportunities to collaborate rather than compete
- Evolve software as a service (SAS) models for cost-effective deployment
- Develop interfaces to data exchange
- Develop solutions in pace with statutory requirements
- Construct business models jointly

AMTOI is organising a seminar on emerging technologies in logistics on August 28, to bring about awareness of technological changes in logistics. It is proposed to invite all technology companies who are service providers to the logistics sector, to this event and launch the technology council. Tech companies who want to be part of the AMTOI tech council can email AMTOI secretariat at secretariat@amtoi.org

*This article is author by **Vivek Kele**, Immediate Past President, AMTOI.*

Indian Ports: A Gateway to Neighbouring Countries

Indian ports not only serve Indian trade but also our neighbours such as Nepal and Bangladesh.

Nepal is a landlocked country. While it was totally dependent on Kolkata port for its trade with the world, there were problems of timeliness of procedures and high cargo tariffs. Gradually, Nepal stopped using Kolkata port. Kolkata, a riverine port, can only serve feeder vessels, but the cargo needs to be transshipped from mother vessels in Singapore. This raises the ocean freight cost. There are also additional costs involved due to lack of predictability of delivery of Nepal-bound cargo from Kolkata port. These problems increase the cost of third-country trade for Nepal. Such high costs are one of the major obstacles to industrialisation in the country.

Predictability of delivery of Nepal-bound cargo from Kolkata is a far-fetched dream as traffic in Kolkata has grown considerably in recent years and the city police allow trucks to ferry cargo containers from the port to Majerhat (MJT) railway station — cargo train departure station — only at night.

Traders have been complaining that congestion at Kolkata Port has forced them to pay high detention and demurrage charges due to delays in cargo clearance. Likewise, congestion at Kolkata port has been adversely affecting Nepali traders as containers pile up there for long due to lack of adequate rail movement to Nepal. Therefore, Nepali traders have searched out an alternate option at Visakhapatnam Port.

Visakhapatnam Port

Nepal started using Visakhapatnam (Vizag) Port in the last two years. Although Visakhapatnam was expected to reduce issues and unforeseen costs like detention and demurrage charges, it has not been able to attract traders and shipping liners. Traders are reluctant to use the port due to lengthy documentation processes and its poor infrastructure.

Traders importing goods through Vizag have to go all the way to the Nepal Embassy in Delhi to get their clearance approval. Similarly, they have been facing lengthy procedures with respect to sending letters of credit (LC) and other documents. Besides, they have also complained about efficiency at the port due to lack of infrastructure. As a result, the government is looking for other deepwater ports. The Nepal government is eyeing another high-seaport which is close to the Kolkata/Haldia port and at a shorter distance from Nepal, as compared with Vizag.

Geographical location of Dhamra Port

Dhamra port is 324 km from Kolkata. Kolkata is at a distance of 704 kilometres from Birgunj. Birgunj is Nepal's only rail-linked dry port which connects to India. The distance between Dhamra ports to Birgunj is 1,028 km, whereas Vizag port, in Andhra Pradesh, is 1,436 km from Birgunj.

Dhamra and Mundra Ports

India's Commerce Ministry has conducted a

preliminary study of Dhamra Port. According to them, Dhamra, in Odisha, and Mundra Port in Gujarat, are possible options to neighbouring Nepal. Indian authorities are positive about providing access to Nepal through these two ports. Since these ports operated by private companies, they may be able to provide more efficient services compared to the other ports in question.

The Nepali team has found that Dhamra Port is a convenient high-seaport to carry out third-country trade. Therefore, Nepal will likely ask India to allow it to use these two new ports during the next intergovernmental committee (IGC) meeting scheduled to be held in Kathmandu.

Dhamra port is a private-sector managed port by Adani Group. It is more efficient compared to Kolkata/Haldia port. The government had initially believed that the traffic of Nepal-bound cargo, currently concentrated in Kolkata/Haldia, would be diverted to Vizag. However, Vizag has not been able to attract traders and shipping liners as expected. Hence, Dhamra Port may emerge as the best option for Nepal-bound trade.

JNPT and Kandla Port

India has agreed in-principle to allow Nepal to use Jawaharlal Nehru Port (JNPT) and Kandla Port in Gujarat for third country trade. However, the modalities for implementing the decision are yet to be decided. Kandla and JNPT handle the highest amount of cargo and container traffic. Given their performance, JNPT, Vizag, Kandla and Paradip ports can be used for Nepal's third country trade, in addition to Kolkata.

Bangladesh Seeks Access to Kolkata Port

Nepali traders have already switched over from Kolkata to Vizag and are planning to now switch to Dhamra, However, Bangladesh traders have shown interest in Kolkata Port, seeking access to carry out import and export activities. The proposal that came through a bilateral platform will contribute to the Bangladesh, Bhutan, India, Nepal (BBIN) sub-regional initiative.

Logistics Triangle of India-Nepal-and Bangladesh

Nepal and Bhutan have access to Indian ports through the bilateral framework. Both the Himalayan countries also access Bangladesh through Indian territories. While Nepal accesses Bangladesh by road, Bhutan uses both road and inland waterway. Under BBIN initiatives, India has a better and wider logistics infrastructure to help both countries access Chittagong and Mongla port in Bangladesh through India.

Kolkata, Gateway to Bangladesh

Meanwhile, Bangladesh has granted India's north-eastern states access to its own Chittagong port, through Tripura. A bilateral inland water transport treaty has been expanded to help Tripura access the Ashuganj river port in Bangladesh. This will help Tripura also access Kolkata port through Bangladesh. This, along with road transit and upcoming rail transit links, through Bangladesh, will reduce the distance between India's north-eastern states and Kolkata, significantly.

Missing link

What is missing in this whole design is Bangladesh's stake, or involvement, in the Indian ports and logistics infrastructure. Chittagong Port suffers from capacity constraints. More important, due to the poor rail network and an over-dependence on road movement, the cost of logistics is very high in Bangladesh. As a result, industrial and commercial activities are mostly centered around Chittagong and Dhaka - in the eastern part of the country. By asking for access rights to Kolkata port, Bangladesh is trying to correct this policy gap.

Dr. Sham Choughule *is in charge of the BBA-Port programme of Symbiosis Skill and Open University, Pune.*

Training the Trade

AMTOI continued with its training programme in July.

AMTOI held its much-awaited training programme for the benefit of members from the shipping and logistics industries on July 12 and 13, at its headquarters, off Bandra-Kurla Complex in Mumbai.

The topics which were taken up for the training programme were:

- Insurance and Claims – Avoiding Claims; Some Dos & Donts in the Shipping Industry
- Hazmat Awareness

The training was conducted by Capt. Satya Narayana, a popular and knowledgeable faculty from Maersk Training Centre. The attentive audience gained deep insights as Capt. Narayana spoke in his inimitable style, keeping one and all engaged through the session.

Development of skill and adequate knowledge of products are essential for all members and AMTOI is striving to impart knowledge and develop skill-sets meant to gain competitiveness for all its members, as well as the industry at large. This is essential for the growth of the industry but also essential so that the sector contributes its due share to the overall economic growth of the country.

New Members
Apr 2018 - Jul 2018

MTO Members

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First Maritime Pvt Ltd	Mumbai
Global Projekt Logistique Pvt Ltd	Haryana
Sarang Maritime Logistics Pvt Ltd	Mumbai
Sea Marine Logistics Pvt Ltd	Mumbai
Sarjak Container Lines Pvt Ltd	Mumbai
Expressway Cargo Movers Pvt Ltd	Kolkata
AWATAC Container Line Pvt Ltd	Chennai

Associate Members

Odex India Solutions Pvt Ltd	Mumbai
Aargus Global Logistics Pvt Ltd	New Delhi
Econship Marine Pvt Ltd	Navi Mumbai
ASJS Services Pvt Ltd	Navi Mumbai
WINWIN Maritime Pvt Ltd	Kutch
SPARXX Maritime & Logistics Pvt Ltd	Mumbai
Sigma Shipping Agency Pvt Ltd	Mumbai
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