

THIRD EDITION



East Coast Maritime
Business Summit



Maritime Business Growth on East Coast Vision & Road Map

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Success in Service

India's most Comprehensive Shipping Solution Network

EAST COAST OF INDIA IN FOCUS....

Ports on India's east coast are adding more capacity in order to garner a greater share of the business as the nation's trade with China and other East Asian economies is on the rise.

Share of ECI ports amongst all Indian Ports in overall Cargo handling is expected to increase from 35% to **40%** over the next few years on the back of Centre's Look East policy

During the next five years,
Current cargo traffic at ECI ports is expected to rise by an average of

18-20%

Closer to Far East/Southeast Asian routes

**Through Private participation,
the government has taken a major initiative for the
development of port infrastructure along East Coast of India**

Lot of new emerging gateway ports are coming up.

Huge Capacities addition planned.

Industrial cluster closer to ports

**With a lot of Thermal plants/Steel industries coming up along ECI, ECI
share among the total volumes handled will increase substantially**

A faint, light-colored outline map of the United States is visible in the background, showing the continental United States and Alaska. The map is centered on the page, with the text overlaid on it.

Growth:

Are Eastern States progressing well?

What is the pace of economic and industrial development?



*ECI PORTS HAS...
Access to The Huge market comprising of*

*400 million population!
Almost 30% of India*

*Average 5 year GDP Growth rate
of states along East Coast*

7-8%

*Average Industrial Growth rate
of states along East Coast*

5-6%



Cargo:

Where is it coming from??

How serious is the imbalance between Exports / Imports?

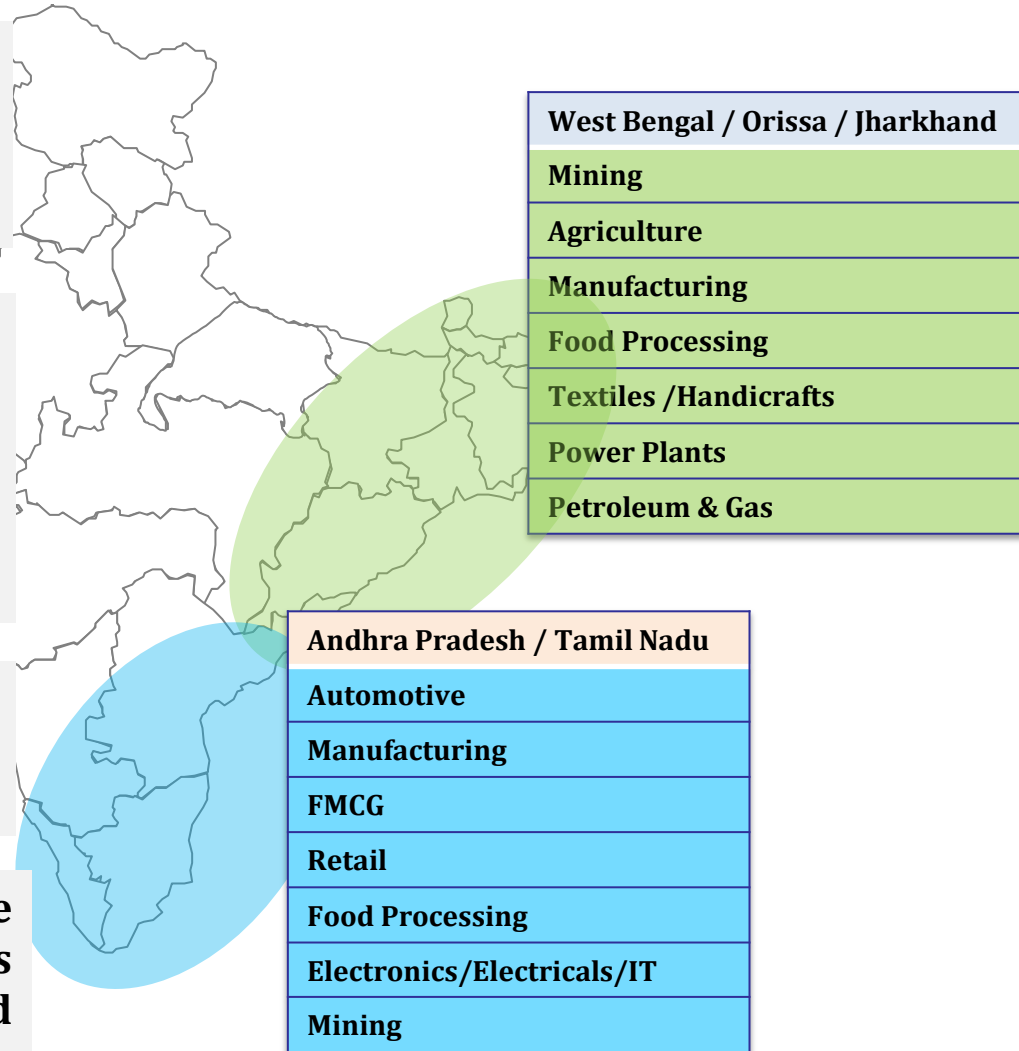
Cargo Origin Centres

States of West Bengal, Orissa, Jharkhand and Andhra Pradesh are considered to be resource rich zone saturated with minerals

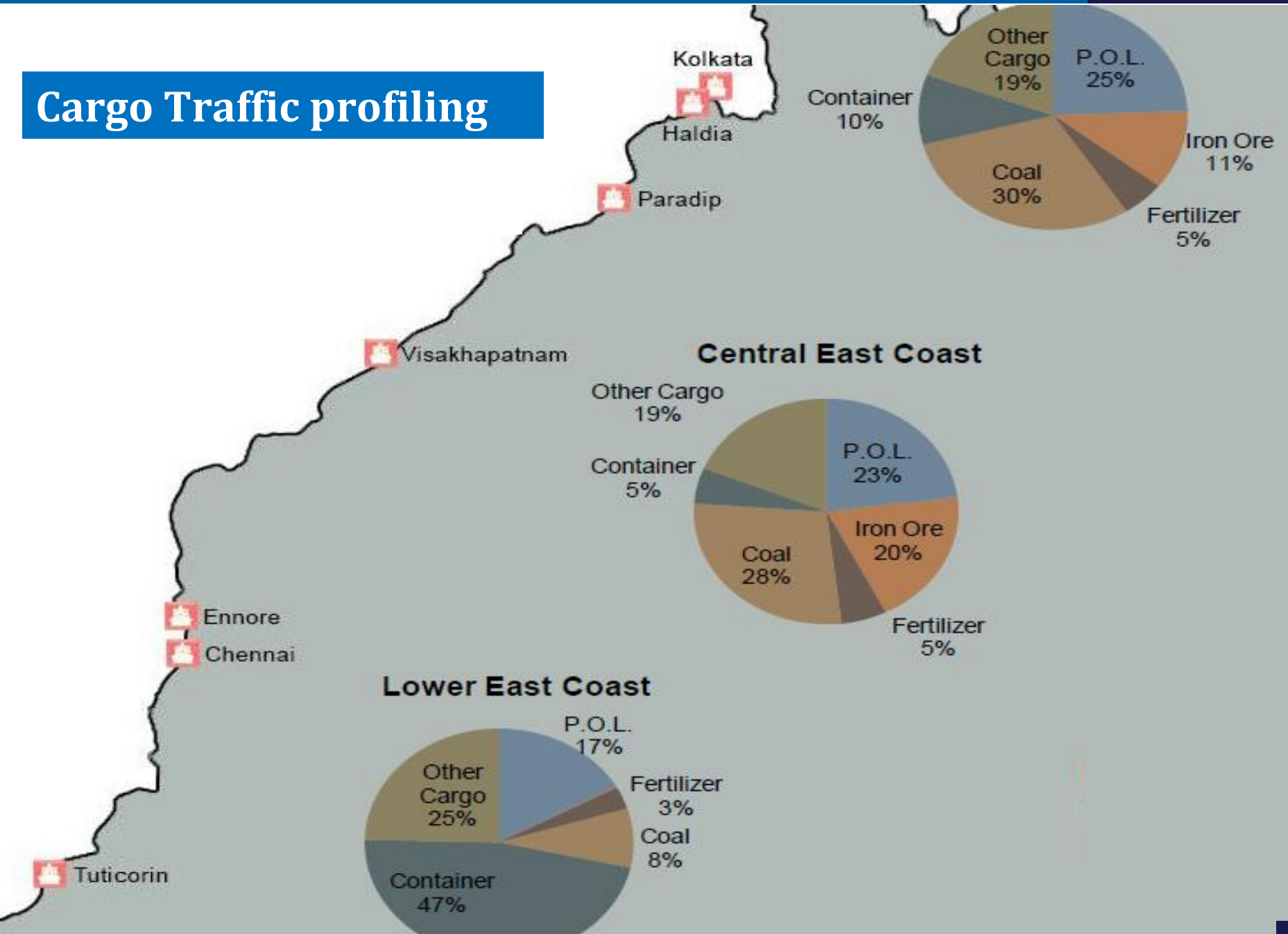
Set of various thermal power plants as well as steel plants in Andhra Pradesh, Orissa, has led to increased imports of project cargo / bulk cargo like coal as well as exports of steel products and other minerals

Also industrial development has led to spur in containerised volumes along the east coast

Tamil Nadu, as cargo origin centre accounts for 16 % share out of India's overall containerised exports , followed by other East India states of AP, Orissa, WB, Jharkhand.



Cargo Traffic profiling



Diversified Cargo Profile

Export from Tamil Nadu / Andhra Pradesh

Agri Products
Coffee
Tobacco
Gherkins
Garments
Abrasives
Coir Yarn
Cashew Kernels
Shell fish / Sea Food
Pharmaceuticals
Chemicals
Engg. Goods
Tyres

Exports from West Bengal / Jharkhand / Orissa

Steel products
Minerals
Agri products
Jute Yarn
Tea
Cast Iron
Leather goods
Mica
Carbon Black
Pharmaceuticals
Chemicals

Imports into West Bengal / Jharkhand / Orissa

Coal
Tubes
Copper
Ball & roller Bearings
Wool
Newsprint
Rubber
Machinery
Metal scrap

Kolkata / Haldia

Visakhapatnam

Krishnapatnam

Chennai

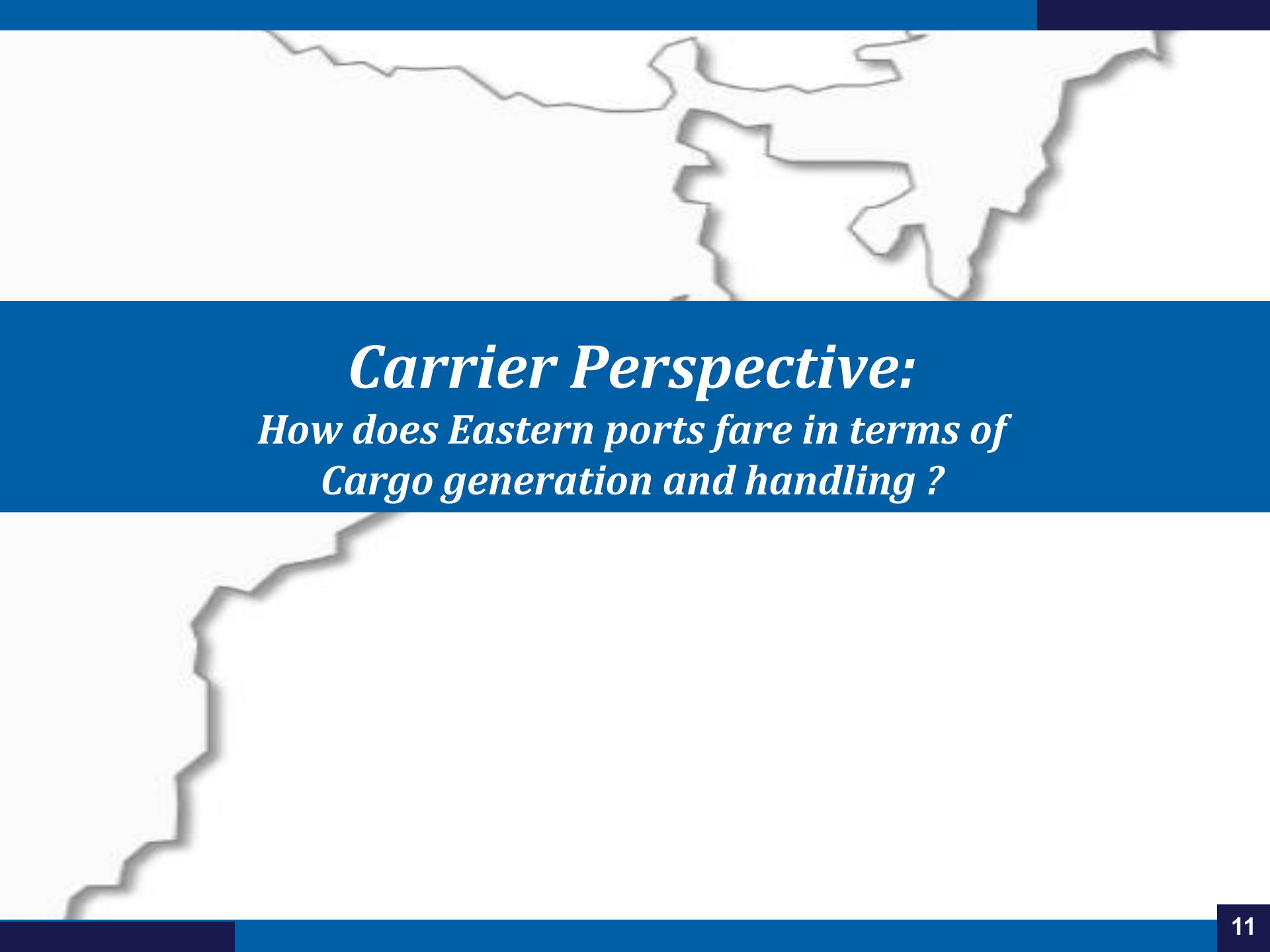
Tuticorin

Imports to Tamil Nadu / Andhra Pradesh

Waste paper
Steel
Ferrous Waste & scrap
Art Paper
News Print
Bulk cargo like coal

EXIM Imbalance

- Petroleum / Coal imports, forming major share of overall cargo handling at Indian Ports.
- Also, increase in iron ore imports in ECI ports due to ban on iron ore exports from India.
- Iron Ore exports from Eastern India reduced due to ban on mining.
- Also, Container Imports volumes especially from China / Far East / South East Asia greater than exports volumes.
- Not substantial exports volumes to balance EXIM trade for East Indian Ports.
- With more industrial development happening along the east coast, we expect an increase in export volumes in the coming years.



Carrier Perspective:
***How does Eastern ports fare in terms of
Cargo generation and handling ?***

1. You have cargo

Industrial development in the South and East India coupled with faster and economic connectivity between the ports and the cargo centre/hinterland acting as a catalyst for generating more and more cargo

2. You understand the depth of our requirements

**Deep Draft, available in various ports on east coast of India, ability to handle our big ships
Deep draft ports are of great advantage for freight sensitive cargoes like iron ore and coal as such cargoes can move on bigger vessels, thus lowering the incidence of sea freight on the landed cost**

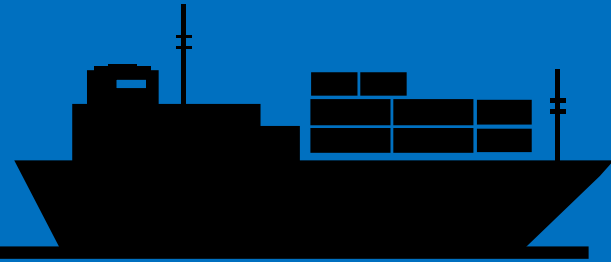
3. You have the capacity to handle our huge volumes

Existing capacity as well as capacity addition planned in future will ensure that port efficiency will be maintained.

4. You have the right facilities

Modernisation of equipment facilities, to ensure efficient operations, thereby giving high load and discharge rates leading to faster turnaround time and minimal waiting time leading to almost nil demurrage

Needs more to support Growth



PORT SECTOR

- Investment in capacity utilization (Increasing capacity)
- Minimum draft of 14-17 mtrs to be maintained
- Corporatization of ports & giving out berths on PPP mode
- Modernisation or expansion within existing framework of ports
- Higher level of mechanisation & technology required
- Higher spending on maintenance and capital dredging
- Port regionalization can help to reduce congestion
- High speed connectivity for evacuation of cargo from ports to its boundaries within 12 hrs

A faint, light gray outline map of the United States is visible in the background, showing the continental United States and parts of Alaska and Hawaii. The map is centered on the page, with the text overlaid on a dark blue horizontal band.

Containers:

*Why container growth is slow on east coast?
What needs to be done?*

- Ports on the west coast handle around 70% of India's container traffic.
- North Indian hinterland contributes to about 75% of the containers moving through Indian ports.
- Traditional gateway ports for North Indian hinterland have always been ports on West coast of India, because of proximity and connectivity to gateway ports of Mundra, Pipavav , Nhava Sheva , whereas rail connectivity from North India to eastern ports has to overcome a detour of few 100 kms .
- Kolkata, nearest port to Northern India is suffering from heavy siltation in the Hooghly river that impedes ship movement, not being a viable gateway port for Northern India.
- Also, inland waterways has not been able to connect North & central Indian cargoes to East India for want of dredging, the heavy siltation from the Himalayas
- But with new emerging / expanding ports like Krishnapatnam, Kattupalli, Vizag, , and Dhamra, East India ports can look forward to attracting more of the East and Central Indian cargo volumes with better rail or inland waterways connectivity expected.

- Indian ports handle on an average, 25-30 % empty containers for repositioning.
- EXIM trade imbalance has been an issue for East India ports as Indian imports from China are there but India does not export substantially to the Far-East and China
- For shipping lines, moving empty containers are costs to be borne by them.
- So, lines prefer to import containers in the west coast for better laden turn-back possibility.
- Industrial development in the South and East India coupled with faster and economic connectivity between the ports and the cargo centre/hinterland will act as a catalyst for balancing the trade imbalance.

**Main line vessels calling ECI ports should be allowed to call
between two ports across East India**

For

**EXIM empty as well as non domestic cargo / exim transshipment
containers**

*Inland Waterways:
Story so far...
Do we need more waterways
to be operationalised?*



Total cargo moved by the inland waterways is just
0.1% of the total inland traffic in India

Whereas Inland Waterways can provide cheap transport for heavy, bulky, imperishable commodities such as coal, ore, timber, cement, fertilizers.

A decade ago, Kolkata was proposed as a Central Inland Port for the Eastern and North-Eastern region.

We kept on discussing it, but never paid that much importance to it

Recent announcement by the Govt. to promote Inland Waterways is welcome, but actual implementation of the project will be the key to success.

- Minister of Shipping Nitin Gadkari too, had recently said that he wants to build a waterways network like the current highways. “They should be easy to access and available across our country,” he had said.
- The notified waterways in Eastern India pass through several States including UP, Bihar, West Bengal, North East, Odisha, Kerala, Puducherry and Andhra Pradesh.
- Special focus on developing The National Waterway 4 (NW-4) which connects Andhra Pradesh, Tamil Nadu and Puducherry. NW-4 has been divided into four major cargo belts namely Kakinada, Krishna, South Andhra Pradesh and Chennai.
- As per surveys, 11 million tonnes of cargo is expected to be transported through NW- 4 every year.
- The cargoes may include coal, food grains, cement, fertilisers, forest products and salt among others.
- Report on developing Andhra Pradesh coastline as Coastal Economic Region (CER) under ambitious Project of Sagar Mala Project is already being developed
- This will boost to hinterland linkages by improving road/rail network as well as development of inland waterways for more efficient cargo evacuation.

- India's coal import is set to go up significantly in the next financial year, with the estimate for 2015-16 at 220-240 million tonnes, against the current year's projected import of 185-190 mt.
- Almost 30 million tonnes of the increase will be because of the expected commissioning of new power capacities, especially along the east coast.
- Ports along east coast should be all geared up for handling such massive increase in volumes, otherwise, there can be delays due to congestion, like we had cases of Paradip in 2014.
- Also, Many thermal power plants in East India are presently being supplied coal from the West Coast, resulting in longer transportation and higher costs
- If a cargo vessel takes around seven to nine days to sail from Indonesia to Vizag, the same journey to Mumbai or Mundra takes around 15 to 16 days. Again from the West Coast ports to suppose Chhattisgarh, the rail distance is around 2,000 to 2,200 km.
- Transportation costs increase, customer has to bear the charges.
- Development in Inland waterways as well as rail connectivity in East India can be a major factor, to increase overall coal imports directly at East India ports and then supplying to local thermal plants.



Logistics

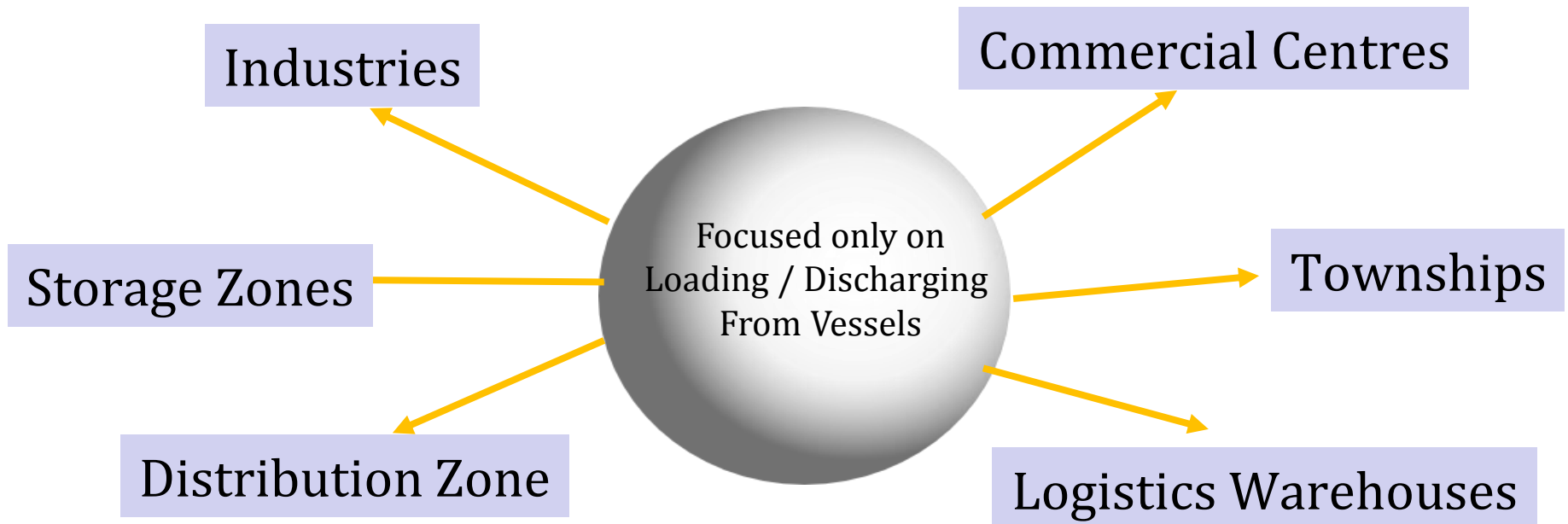
What are the gap areas?

Multimodal logistic parks; How are they going to service trade demands?

How can future corridors help seamless movement of cargo?

GAPS IN LOGISTICS

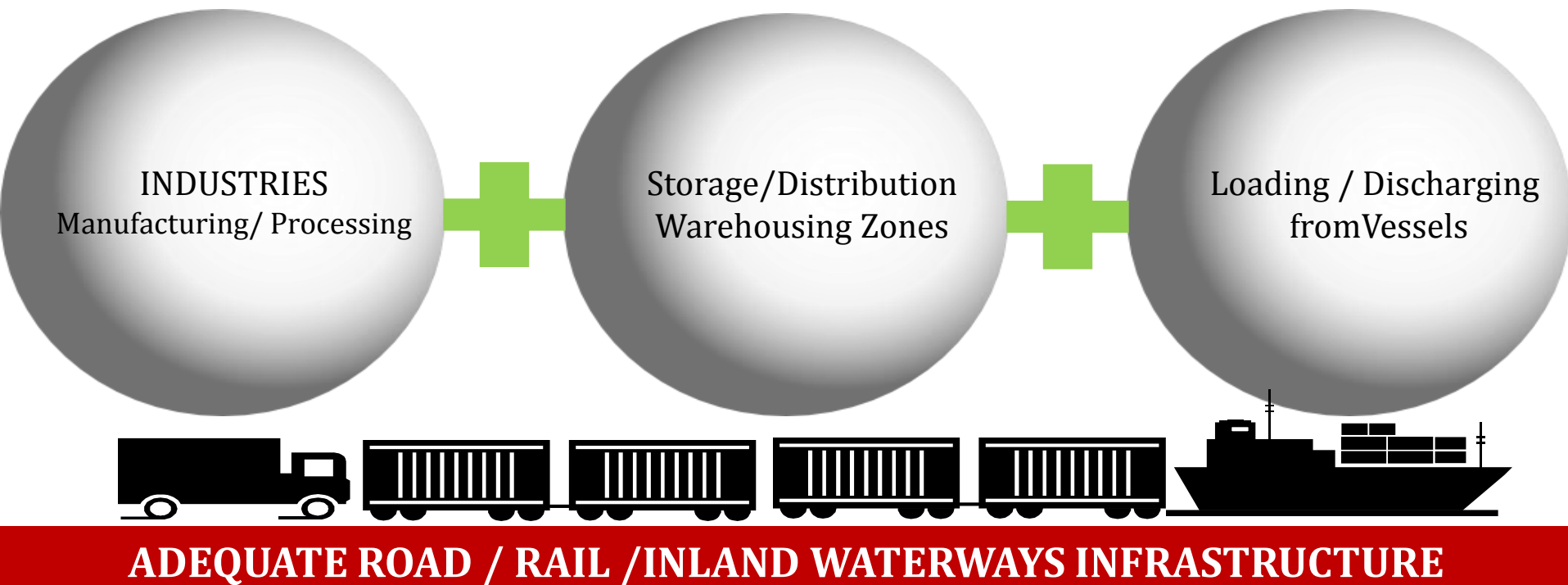
TRADITIONAL INDIAN PORT – Fragmented Supply Chain



**INADEQUATE ROAD / RAIL / STORAGE / INLAND WATERWAYS
INFRASTRUCTURE**

STATE-OF-THE-ART MAJOR GLOBAL PORTS

Integrated Supply Chain has been the Mantra for Success!



Developing more and more GLOBAL PORTS that are productive, with facilities such as quays, ability to handle big ships huge warehouses, with road/rail facilities that carry goods right to/from the production centre / or home of the final consumer

**Cargo traffic growth in Ports on East India
will be required to be supported by a**

large set of logistics related infrastructure facilities and services

**That include development of multi modal logistics parks,
organised warehousing, FTWZs, CFS/ICDs,
Port based SEZ/industrial complexes
& adequate connectivity with the hinterland...**

Chennai – Vizag Industrial Corridor

**MUCH-NEEDED
FILLIP**

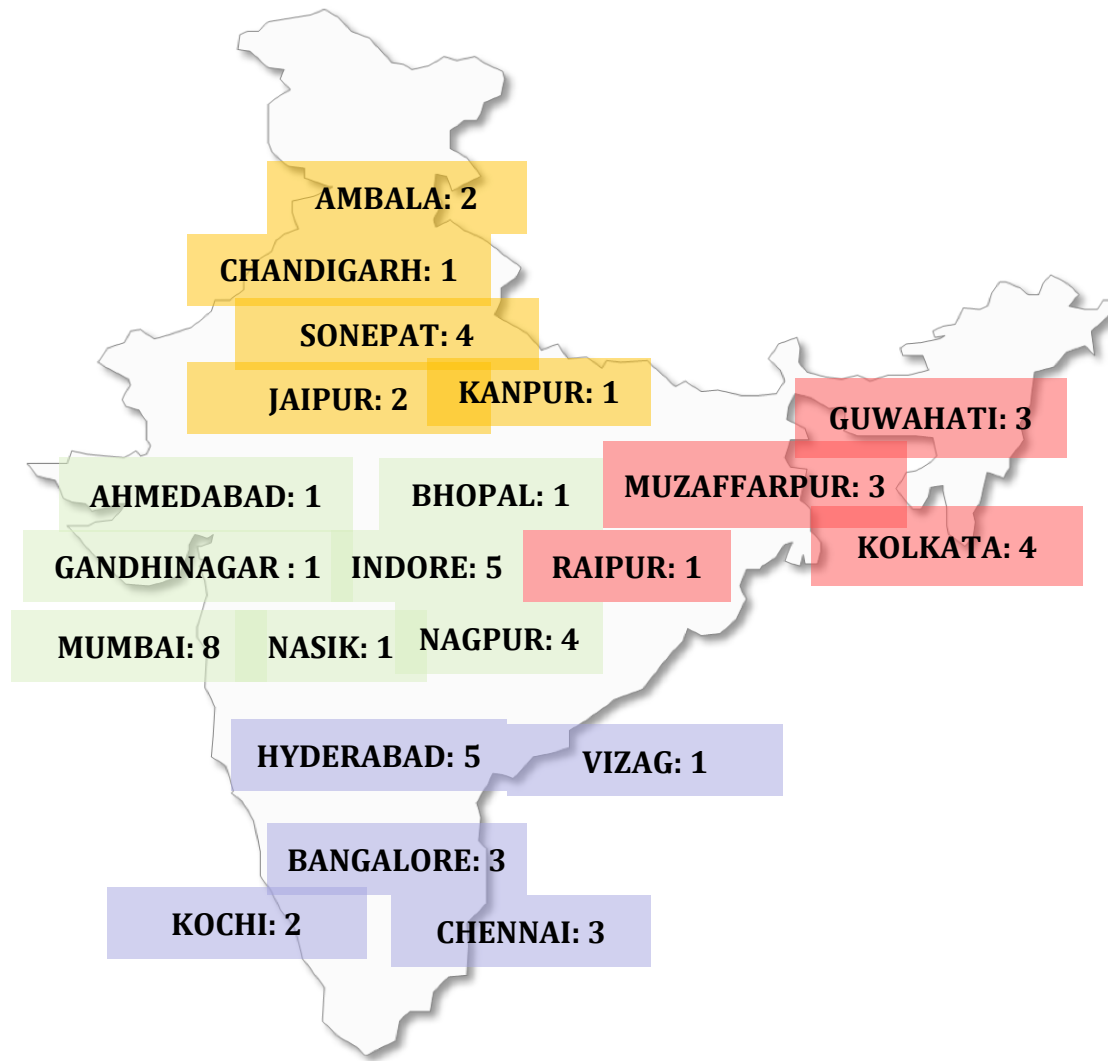


- To be developed in 4 phases – similar on the lines of DMIC
- The project includes developing five industrial zones as part of the Visakhapatnam-Chennai Industrial Corridor.
- These zones would come up in Visakhapatnam, Kakinada, Machilipatnam, Anantapur and Erpedu-Srikalahasti –
- Likely to attract investments of around Rs 1 lac crore in next 5-10 years
- Will expedite cargo movement as well as will lead to increase in cargo traffic

110 logistics parks are slated to come up across the country in the next five years, covering 3,500 acres at an estimated cost of about \$ 1 billion

In the adjacent map, locations with number of logistics parks coming up, major concentration in North Western India

Concentration of Multimodal Logistics Parks very Low Along East Coast of India



Major benefits of the logistic parks are

Provision of excellent transport links with easy access to long haul rail network as well as to delivery points in the catchment areas by road with facilities for providing wide array of services at one location

Help in saving of cost in transportation.

In other words these services help in the reduction of costs which are incurred in the transportation of goods. This is possible because of use of right modal choice for the movement.

Reduces the transit time of the goods.

Proper utilization of the assets

as the transit time is less and the goods vehicles and the other hardware are free to use for the other business. Thus the per unit cost of the transportation of goods can be reduced considerably.

More logistics Parks required along East Coast

More logistics parks required where different modes overlap, near major cities or near ports or along DFC Route.



Future Outlook

Broader Vision required!

Within & Beyond the Port Walls!

**A successful collaboration needed among the public institutions, urban and territorial, the port authorities, the port users, the local economic actors
For the development of a port and its hinterland infrastructure and facilities.**

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Thank You