AILBIEAnews
An in-house e-newsletter of
ALL-INDIA LIQUID BULK IMPORTERS & EXPORTERS ASSOCIATION
JANUARY- MARCH 2014: VOLUME VIII
FOR PRIVATE CIRCULATION ONLY

## President's Message:

**Wishing you a very Happy and a Prosperous New Year-2014!**

Let us hope that New Year 2014 brings in lot of respite and refreshing changes from the gloomy economic trends experienced last year. The soaring of US $ and devaluation of Indian Re. was a major deterrent in progress of economic growth and stability of Industries and businesses all over the country. To add to the ongoing miseries, steep increase in prices of fuel, energy, vegetables, etc. fuelled uncertainty of the magnitude of turbulent trends and that of the destiny in store!

With a bountiful monsoon, and a record food grain production, agriculture has been the savior of the Indian economy in 2013. At a time when there is an all around doom and gloom - industrial output failing to keep pace, manufacturing sector refusing to look up, joblessness growing, fiscal deficit mounted and the current account deficit grew to a worrisome level - it was only agriculture that provided a glimmer of hope.

The Indian Economy was estimated to have registered a growth rate of 5.0 per cent in 2013 in terms of gross domestic product at factor cost at constant 2004-2005 prices, following a growth of 6.2 per cent in 2011-12. However, there had been a slide, subsequently, due to multiple factors which set the alarm bells ringing and fears of a wash out looming large in the minds of Trade and Industry. This attributed to weakening of in industrial growth vis-à-vis Reserve Bank of India's introduction of tight monetary policy through most of 2011-12 and the continued uncertainty in the global economy.

The global economy continued to grow at a slow pace in 2012. In 2013, the world economy was expected to improve; however, the recovery was slow and uncertain. Inflation did ease in 2012-13 vis-à-vis higher levels which were prevalent in 2011-12. It was evident that the pace decline had been slow which denied the flexibility to the Reserve Bank of India to undertake sufficient reduction in Policy rates.

Whilst the Indian Economy was expected to grow better than the previous years, which unfortunately fell short, matters became worse with global economy, too, showing uncertainty. However, with the reform measures undertaken some time back to improve investment sentiments in the economy as well as to improve the fiscal situation, besides the hopes of improvement in the global economy, there is a good reason to expect a decent revival of growth in 2014. Undoubtedly, these are based on the premise that monsoon will be normal, rate of inflation declines further and the anticipated mild of recovery global growth takes place.

Notwithstanding the above scenarios, the year ahead is going to be very significant and critical for the country with the general elections scheduled to be held sometime in 2nd quarter. The sentiments and mood prevailing in the country [going by the results in New Delhi city elections] is for a change. Will the voters be able to sustain their sentiments and moods to ring in the change? OR, with passage of time, will the voters give in to the populist trend of letting the ruling party continue in office for another term?, being satisfied of having given a shock and warning to them thru' the New Delhi debacle! It is foolhardy to predict the course of the electoral dominance of any party given the uncertainty and the diverse seats distributions spread across different states in the country.

Whatever be the outcome of the general elections, the fate of Indian economy hangs on a thin wire coupled with the fragile global economy which, too, is not so encouraging and threatens to snowball into dust storm!

The Trade and Industry is, in fact, still reeling under the adverse after effects of US $ surge, which has sent the economics of businesses haywire and wayward. Most of the Industrial houses are desperately introducing cost saving measures, and, austerity drives have become the order of the day. Under these trying circumstances, it would be prudent and justifiable for the Government to come out with pragmatic measures and relief-oriented schemes to provide the much needed soothing balm to enable the wounds to heal.

Burden of high rate of taxation, introduction of more and more taxes, assessment of taxes in a stringent manner to rake in more collections, insistence on payment of high advance taxes to meet the revenue targets, etc. are bound to stunt and eventually decimate industrial growth. And, this scenario is very fearsome and worrisome for the Trade and Industry. The time is ripe and appropriate for the Government to extend all assistance, help and introduce path breaking schemes and measures which will remove some absurd taxes and taxation policies and introduce healthy and trade friendly taxation schemes.

This rescue act of the government, at a time when it is needed the most, is sure to be welcome by the entire trade and industry, and, will certainly propel the economy to newer heights, infusing tremendous confidence in the Trade and Industry of government's true and honest intentions of being a partner in revival of Indian Economy!

We, at the Liquid Bulk Association are trying to balance out the issues of revenue collections between the departments and the Trade, in a harmonious manner and ensuring that there is no room for panic for either side with regards to 'BYPASS' of revenue.

We are having our much sought after annual meet in March 2014 at the Trident, Nariman Point, Mumbai - 21, where we intend to make this event very purposeful and highly interactive for our members and the revenue, port and other governmental departments. Watch out for details of this high profile event by contacting our office for more information.

We wish all our members, well wishers and friends a very **HAPPY, HEALTHY, PROSPEROUS AND A FINANCIALLY VERY SUCCESFUL YEAR AHEAD.**

**Jayant Lapsia**

# Advantage KPCT

The Navayuga Group of Companies, KPCT has evolved as a benchmark to the new ports that India is competing against the global share of New Ports for India Vision 2020.



The US$3 Billion Investment planned, which will be the largest port by the year 2016-2017 with annual capacity of 200MMTPA and 42 berths, handling about 6 Million TEUs per annum,

Krishnapatnam Port would be the finest port in the East Coast of India and the port of choice for the Eastern Hub, surpassing rivals like Chennai Port etc. Some of the salient features of Krishnapatnam Port are being highlighted below.

- **Customs facility: Functional custom EDI 1.5 connectivity Dedicated Customs staff within the Terminal**
  - **CFS to be developed within port**
    **Total Area – 48 acres. Provision to expand up to 300 acres**
    **Capacity – 6,000 TEUs**
    **Covered warehouse space – 100,000 sqft**
    **Repair & Maintenance facility for Containers**
    **Warehouse & yard management software**
    **Rail siding within CFS**
    **State-of-art security system with 24x7 CCTV monitoring**
- **World-class Marine Infrastructure:**
  Wide & straight channel of 6.5 NM
  Deepest draft port in India with 18.0 mts. To be increased to 21.0 mts
  4 nos. of most modern dedicated tugs , with capacities from 4000 to 4800 bhp. Port owned dredgers – 6 nos.
- **Seamless congestion-free connectivity**
  4-land dedicated road. Will be upgraded to 6-lane road. Dedicated railway line. Doubling work under construction.

Contd..>>

The space availability and technically superior facilities, certainly makes Krishnapatnam Port, the port of the future on the east coast of India unlike other ports that are challenged by congestion and poor connectivity. Krishnapatnam Port is expected to accelerate the growth of this region as an industrial hub and also aims to bring a paradigm shift in the Indian Shipping and Container Terminal operations.

Krishnapatnam Port Container Terminal (KPCT), a world-class container terminal operated by Krishnapatnam Port has set a new benchmark in operational efficiency by achieving Best Crane performance record.

On December 24, 2013 during MSC's weekly service to Colombo from KPCT, its vessel MV MSC SIERRRA-II became part of an historic moment when 641 TEUs were exchanged with the vessel, with a record hourly crane productivity of 48.6 containers and a berth productivity of 96.64 containers per hour. 2 super post-panamax quay cranes, were used by the terminal to achieve its most efficient crane productivity.

This has been Krishnapatnam Port's best crane performance at KPCT and probably one of the highest achieved by any container terminal in India.

The main liners such as Maersk, MSC and three feeder services BTL, Xpress Feeder and Far Shipping regularly call at KPCT because of faster turnaround time with average berthing time for the vessels being 90 minutes and trailer turnaround time being 50 minutes from entry to exit of the port unlike others ports in the country.

The efficiency is evident from the volumes that are increasing month-on-month at the terminal.

In FY 2012-13, KPCT handled 13,547 TEU whereas from April - December 2013, KPCT has handled 42,553 TEU. The port is looking at exponential growth in the future.

**The vast area, state-of-the-art equipment, deepest draft in the county, efficient & transparent operations and unparallel road & rail connectivity is transforming KPCT into the Container terminal of future on the East Coast of India.**

The vast area, state-of-the-art equipment, deepest draft in the county, efficient & transparent operations and unparallel road & rail connectivity is transforming KPCT into the Container terminal of future on the East Coast of India. It is well connected by a 24-km double-line rail (with an on-dock rail adjacent to Container Yard) and 4-lane roads to the national grid, making for swift access and evacuation of containers and cargo.

The support infrastructure like covered warehouse facility to an extent of 200,000 sq. ft is available towards stuffing and de-stuffing of containers at KPCT. Separate fumigation zone has been developed inside the terminal. Special facilities towards handling of hazardous and non-hazardous cargo also have been provided inside KPCT.

In addition to this the terminal has a dedicated customs facility with functional EDI (electronic data interface) to process all the documents to enable faster clearance of consignments. The current cargo profile of KPCT includes barites, cement, chilies, coffee, cotton, equipment and related spares, feldspar, food products, granite, human hair, maize, mango pulp, mica, potash feldspar, packaging materials, polypropylene granules, pulses, PVC products, quartz, rice, sheet material, shredded scrap, sugar, tobacco, turmeric and waste paper.

Besides main line operators, the terminal has also received good support from NVOCCs. With strategic tie-up with MLOs and feeders, freight forwarders, CHAs (customs house agents), LSPs (logistic service providers), CTOs (container train operators) and ICDs (inland container depots), KPCT is proving to be the preferred container handling destination by the world trade on the East Coast of India.

## Ports have a positive impact on GDP – *Industry Source said.*

With India's export import trade growing at a strong 18 per cent since the past eight years, the country's ports have played a major role in both inward and outward shipment and have had a positive impact on the gross domestic product (GDP), according to industry sources.

India's ports have a positive correlation with the gross domestic product, implying that enhancement and development of port infrastructure would be a critical enabler to growth of the Indian economy.

Growth of India's port industry would be primarily driven by domestic consumption of coal for generating power, crude oil for meeting domestic petroleum requirements and containers This sector has hidden potential both from the perspective of the economy as well as individual companies, they said.

Non-major ports have increased their market share from 25 per cent in 2002-03 to 42 per cent in 2012-13

## Q & A with Dr. B. R. Gaikwad

Dr. B.R. Gaikwad

Director & President - Special Projects at VVF Ltd. and Vice Chairman - CHEMEXCIL

*1) How do you feel AILBIEA has helped VVF Ltd in the last 13 Years to achieve what they have with the various Govt. Agencies vis a vis Customs-Ports etc.*

**VVF is one of the founder members of AILBIEA and closely associated with its activities. AILBIEA has become the platform to the industry of liquid bulk importers and exporters to represent their problems to Government authorities for its speedy redressal. VVF has experienced them convincing government authorities in fast clearance of their bulk export and import cargos, thereby helping in reducing transactional costs.**

*2) As Director and President Special Projects at V.V.F Limited what are the challenges faced by you with the changing govt. Policies.*

**VVF and other Oleochemicals and Soap manufacturing companies in India are the victims of inverted duty structure for the finished products manufactured by them and its imported raw materials. Especially with ASEAN FTA, most of the finished products are getting imported at nil or reduced duties and hence its local manufacturing has become non-competitive. With Government's unfriendly duty structure, VVF's EOU manufacturing Fatty Alcohols need to pay 7.5 % customs duty for its local sale as against its import at zero duty. Several representations to the Finance and Commerce Ministry to resolve these burning issues remained unattended. Such delays in resolving industry problems are not only hurting the domestic growth of Indian Oleochemical industry but are also adversely impacting its exports.**

*3) What are the challenges faced for the fiscal year 2013-2014 & What changes you foresee with the current dollar rupee scenario.*

**Volatility in Rupee-USD currency rates has adversely affected the margins of our industry dealing in commodity products. Though we have substantial exports, we are import dependent for our raw materials and hence such volatile currency always increases our costs, affecting margins to unpredictable scale.**

*4) What would be VVF Ltd 's vision for Exports with the current Inflation in India.*

**VVF is integrating and optimizing its Oleochemical manufacturing (EOU) facility at Taloja. We have also set up fatty acid plant in Indonesia which will support our Indian facility and will help us to optimize our raw material costs. We are also seeking Government's support to incentivize he exports of value added products and focused countries. With all these efforts, we are confident to increase our exports of our products.**

# MbPT at Cargo Transport Logistics Exhibition 2013

Mumbai Port Trust participated in CTL 2013 (Cargo Transport Logistics Exhibition and Conference held at World Trade Centre, Mumbai. Mr. Rajeev Gupta, Chairman, MbPT, as the guest of honour, inaugurated the exhibition and delivered a special address during the inaugural session. The theme of the conference and exhibition was – "Shipping and integrated logistics, its sustainability and way ahead". Lot of interests and enquiries were received in the MbPT stall regarding the new projects MbPT had exhibited. It evoked positive responses and appreciation from the visitors.


*Mr. Rajeev Gupta, Chairman, MbPT at the exhibition*

# JN Port handles 62.50 MT cargo, 4.12 Million TEUs in 2013

## JNPCT's throughput sees an impressive 6.60 % growth

*Mr. N. N. Kumar, Chairman, JNP cutting the cake in the customary New Year meeting along with Mr. Ashish Kumar Bose, Chief Manager (Traffic), JNP, Mr. Ajay Singh, CEO, DP World Nhava Shera, Mr. P.K. Agarwal, CEO, APM Terminals Mumbai, Mr. S K. Kaul, Chief Manager (Admn) & Secretary JNP and Mr. Amit Sharan, CISF Commandant, JNP.*

Jawaharlal Nehru Port (JN Port) handled 62.50 million tonnes of total cargo during the calendar year 2013 as against 64.22 million tonnes of cargo handled during the previous year. Of the total, the share of containerized cargo was 55.31 million tonnes (88.50 per cent), liquid cargo was 6.40 million tonnes (10.24 per cent) and the remaining 0.79 million tonnes (1.26%) was miscellaneous cargo in the form of dry bulk and break bulk cargo.

JN Port handled 4.12 million TEUs of container traffic during the calendar year 2013 as against 4.25 million TEUs in 2012.

Of the total container traffic of 4.12 million TEUs, the share of JNPCT was 1.28 million TEUs (30.95 per cent), the share of NSICT was 0.95 million TEUs (22.98 per cent), and the remaining 1.90 million TEUs (46.08 per cent) was contributed by APM Terminals, Mumbai.

This was highlighted at a trade get-together/ cake cutting ceremony organised at the Port Administration Building here on January 3, 2014 which was presided over by Mr N N Kumar, IRS, Chairman of Jawaharlal Nehru Port Trust (JNPT), Heads of Department and senior officials of the Port. Representatives of the trade were also present in strength.

the Port-owned terminal, handled 1.28 million TEUs (16.40 million tonnes) in 2013, registering a growth of 6.60 per cent in terms of TEUs and 2.02 per cent in terms of tonnes over 2012. The other container terminals APM Terminals and DP World handled 1.90 million TEUs and 0.95 million TEUs.

Mr S K Kaul, Chief Manager (Admn) & Secy in his welcome speech expressed gratitude for the support from the Port's customers, terminal operators, employees, the trade and all stakeholders for the success of all JNPT's activities.

Addressing the gathering, the Chairman Mr N N Kumar conveyed his New Year Greetings to all and elaborated on the achievements of the year 2013, including commencement of phase I dredging which is nearing completion and which has enabled JN Port to bring bigger size vessel of 14 meter draft ; award of 0.8 million TEUs capacity of 330 meter quay extension; project for 12 laning of road connectivity, a contract for which likely to be awarded by middle of January 2014 and the progress of Dedicated Freight Corridor for movement of containers by rail, finalization of long pending issues like allotment of 12.5 % land to the PAPs etc.

Further he added that steps are underway to develop additional capacity to match the demand from the trade by developing a 4th Container Terminal of 4.8 million TEUs capacity p.a. The Chairman expressed gratitude for the support from the port customers, terminal operators, employees, trade and other stakeholders for the success of all activities of JNPT.

Highlighting on the future plans, Mr N N Kumar added that "the bidding process for the mega 4.8 million TEUs Container Terminal and the additional Liquid Bulk Terminal is in the final stage and both the projects should be awarded in the current fiscal itself. Our own terminal now has new cranes, facilitating more efficient operations".

Mr Ashish Kumar Bose, Chief Manager (Traffic), JNP thanked the trade for their continuous support and guidance towards the growth path of JN Port. The contribution made by PPP Container Operators is highly appreciable in achieving JNPT's milestone as a whole.

He outlined the performance of JN Port and stressed despite the many challenges and increasing competition, JN Port has performed well and continues to be primary gateway for India's export import trade and will strive hard to maintain and sustain its position as No 1 Port in the country.

He stressed that during the calendar year, the overall traffic of the Port has reduced slightly due to reduction in handling of container traffic by both the PPP Container terminal operators, on account of TAMP issue related to tariff fixation.

Mr Ajay Singh, CEO, DP World Nhava Sheva, said "2013 was a challenging year for shipping sector and it was a difficult phase for all of us", adding on a humorous note "Korbo-Lorbo-Jeetbo", "let us all remain confident about the shipping markets in which they operate, and more optimistic about making a major investment over the coming year. 2014 will be a promising and good year for shipping industry".

Mr P. K. Agarwal, CEO, APM Terminals Mumbai congratulated JN Port for their good performance, despite challenges and tough year in 2013. He added, the GTI terminal would strive to do even better in the coming years.

Mr. K. P. Unnikrishnan, President MANSA said despite all hinderance, JN Port has performed well, especially 2014 will be a happening year for JN Port, as some of the important projects like 330 m, arrival of new cranes and fourth terminal will boost overall growth of the trade.

Mr. Bhushan Patil, Trustee of JN Port said "under the guidance of Chairman, "JN Port has grown from strength to strength achieving greatest heights". He also expressed some of the constraints and the need to expand the infrastructure, which will increase the business of the trade.

# Shipping Confidence increases again in 2014

Overall confidence levels in the shipping industry have shown a further rise over the past three months, reaching their highest level since May 2008. According to the latest Shipping Confidence survey by Moore Stephens, owners, managers, charterers and brokers all feel more confident about the shipping markets in which they operate, and more optimistic about making a major investment over the coming year.

The number of respondents expecting finance costs to rise over the next twelve months, having peaked at their highest levels for fifteen months in the previous survey, was down across all categories of respondent. Charterers, meanwhile, were alone in thinking that rates in the tanker and dry bulk trades were likely to fall over the next twelve months.

It is encouraging to note that, despite continuing general economic uncertainty worldwide, and irrespective of the further recent instability generated by the crisis in the Greek economy, confidence in shipping has now risen for the third consecutive quarter. There is an undeniable mood of renewed optimism in the industry. It is tempered by an underlying level of caution, but that is no bad thing. Those who can remember bad markets are less likely to allow themselves to be caught up in further ones.

Most people are expecting rates to go up in the tanker, dry cargo and container ship sectors. There are signs that banks might be willing to lend once more to shipping businesses that have done their homework and those which may have spotted new, viable opportunities in a shipping market which has changed significantly during the past two years

# Exporters exempted from filing documents in physical form

With an aim to simplify procedures for exporters, the Government exempted them from mandatory filing of documents in physical form to obtain registration certificates for shipment of few commodities. For commodities like cotton and cotton yarn, an exporter has to obtain registration certificates (RCs) for their shipment.

"There shall be no requirement of submitting any document in electronic filing for obtaining RCs," Directorate General of Foreign Trade (DGFT) said in a notification. It said that the requirement of submission of hard copies of the documents such as printout of online application, Letter of Credit or foreign inward remittance certificate or proof of advance payment and export contract is "dispensed with".

"There shall be no other change in either the policy or conditions for export of cotton, cotton yarn, non-basmati rice, wheat and sugar notified earlier through respective notifications, public notices, policy circulars etc," it added.

The step would help in reducing transaction cost for exporters. There are certain commodities for which online registration procedure has been prescribed for export. It was made mandatory in July 2013 that after filing online applications, exporters are required to furnish printout of the application submitted online besides other certificates and paper, it added.

The country's export was suffering from the cost disadvantage. The average cost to an exporter on account of transaction cost has been monetised at a level of USD 945 per container as compared to USD 460 in China, USD 450 in Malaysia and USD 625 in Vietnam.

In April-November 2013, exports grew by 6.27 per cent to USD 204 billion while imports aggregated at USD 304 billion. Trade deficit for the period stands at USD 100 billion.

# India to be world's 3rd largest economy by 2028: study

India is likely to overtake Japan in 2028 to become the third largest economy in the world after China and United States, according to London-based economic consultancy Cebr.

As per Cebr's World Economic League table report for 2013, India has lost a place in the league table in 2013 to Canada and is now the 11th largest economy in the world.

"But demographics and economic growth will eventually drive the Indian economy up the table and the forecast for 2028 has India becoming the world's 3rd largest economy overtaking Japan," the report said.

The Cebr World Economic League Table (WELT) is an annual calculation by the consultancy. The base data for 2012 is taken from the IMF World Economic Outlook and the GDP forecast draws on Cebr's Global Prospects model to forecast growth, inflation and exchange rates.

The report gives an end of year report on GDP in the 30 largest economies in the world and forecasts countries that will be in the 'top thirty' after 5, 10 and 15 years.

In the 2013 league table, India is at the 11th place with a GDP of $1,758 billion, and by 2018 the country is likely to be at the 9th place with a GDP of $2,481 billion, and by 2023 it would be at 4th place, with GDP size of $4,124 billion, and it will claim 3rd spot with GDP of $6,560 billion by 2028, it said. The 2013 league table shows only two changes in the list of top 20 economies. Firstly, Russia overtook recession-stricken Italy to gain 8th place and Canada overtook India as a result of the collapse of the rupee to retake its position as the second largest economy in the Commonwealth and the 10th largest economy in the world, the report said.

By the year 2018, the emerging economies will be "on the move". Russia would be at the 6th place; India 9th, Mexico 12th, Korea 13th and Turkey 17th, it said.

By 2023, India and Brazil would be "on the march" and are likely to claim the 4th and 5th place, respectively.

By the year 2028, the league table will be reordered. China will move to the number one place, followed by the United States (2nd), India (3rd), Mexico (9th) and Canada (10th).

The report further said China's GDP in dollar terms is likely to overtake the US in 2028 - much later than most previous predictions.

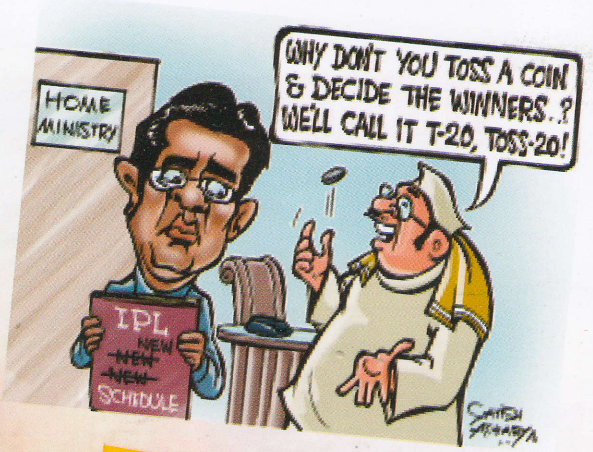
Meanwhile, the United Kingdom would overtake Germany to become the largest Western European economy 'around 2030', it added.

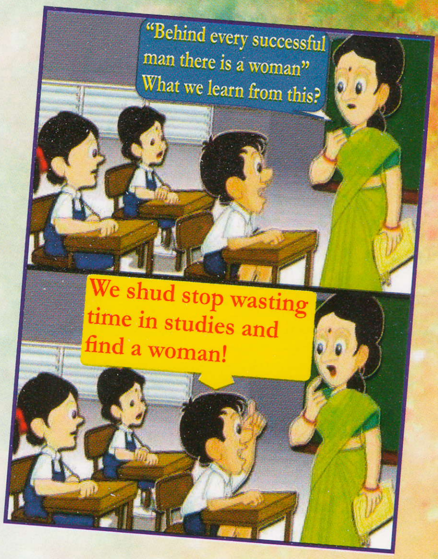
## JNPT participated in the Indian International Trade Fare 2013

***Mr. S K. Kaul, Chief Manager (Admn) & Secretary JNP at the stall***

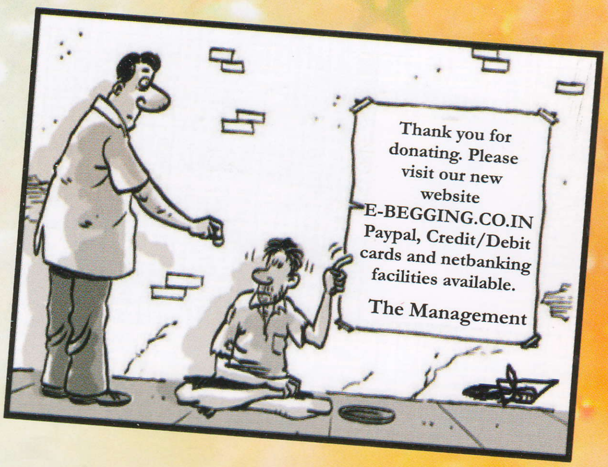
JNPT participated in the Indian International Trade Fare 2013 at New Delhi by showcasing its Port facilities and future development plans. Large number of visitors, VIPs visited to JNPT stall and appreciated JNPT's contribution in India's Export Import trade.

# Funzone

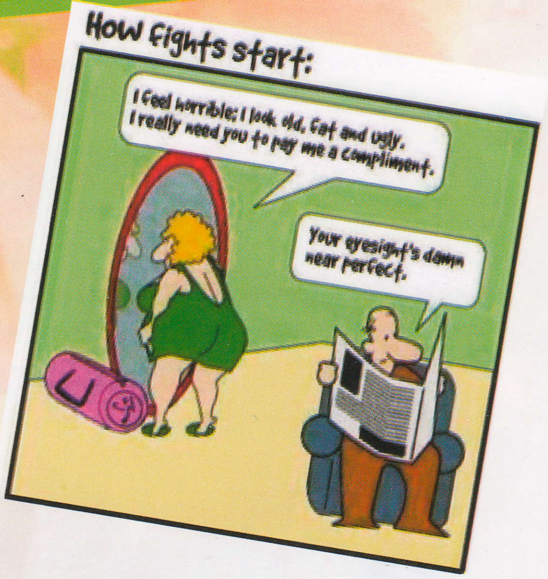



Never put a Cartoonist behind bars !





# QUOTE SECTION:

People who think they know everything are a great annoyance to those of us who do.

**- Isaac Asimov**

---

The scientific theory I like best is that the rings of Saturn are composed entirely of lost airline luggage.

**- Mark Russell**

---

When they asked George Washington for his ID, he just took out a quarter.

**- Stephen Wright.**

---

Did you ever walk in a room and forget why you walked in? I think that's how dogs spend their lives.

**- Sue Murphy**

---

The only difference between me and a madman is that I'm not mad.

**- Salvador Dali**

---

I've never been married, but I tell people I'm divorced so they won't think something is wrong with me.

**- Elayne Boosler**

---

Wherever I go, people are waving at me. Maybe if I do a good job, they'll use all their fingers.

**- Frank King**

---

It is generally agreed that "Hello" is an appropriate greeting because if you entered a room and said "Goodbye," it could confuse a lot of people.

**- Dolph Sharp Oliver**

---

Your comments and contributions to better the next edition of AILBIEANEWS will be highly appreciated. Please write to **raghuwarrier@aegisindia.com** or **ailbiea@gmail.com**




AILBIEA

**ALL-INDIA LIQUID BULK IMPORTERS & EXPORTERS ASSOCIATION**

1011, Mighty (Universal Majestic), Near RBK International School, Ghatkopar-Mankurd Link Road, Chembur West, Mumbai 400 088, India.

Tel: + 91 22 6155 9951 Fax: + 91 22 6155 9955 Website: www.ailbieaonline.com