AILBIEAnews
An in-house e-newsletter of
ALL-INDIA LIQUID BULK IMPORTERS & EXPORTERS ASSOCIATION
JANUARY - MARCH 2018: VOLUME XVIII
FOR PRIVATE CIRCULATION ONLY

Jayyannt Lapsiaa
President

President's Message

"Coming together is a beginning; keeping together is progress; working together is success"

Progress lies not in enhancing what is, but, in advancing toward what will be. Opportunities for corruption have long been created by the confusing patchwork of taxes across the country, which also cause delays as goods cross state borders. In July 2017, the system changed, and, for the first time in the history, since Independence, a new revolutionary goods and services tax was introduced which meant 29 states were now a common market. The new system is expected to boost efficiency, growth, and India's tax take. Despite some technical glitches with the new online tax collection system, the GST tax regime is virtually going at a slow pace towards attaining near perfection in execution, interpretation and implementation.

"Despite some technical glitches with the new online tax collection system, the GST tax regime is virtually going at a slow pace towards attaining near perfection in execution, interpretation and implementation."

Without a struggle there can be no progress. The introduction of Goods and Services Tax, which aims to make India a unified common market, has had far too many implementation issues and problems which have been worrisome of the trade and industry. This turbulence shall pass. For, progress is impossible without change, and those who cannot withstand the vagaries connected with change cannot change anything.

There is an urgent need to step up the redressal mechanisms and faster modes of addressing burning issues, which are a cause of great concern to the trade and industry. It is widely felt that the slab rates are, too, high and need to be rationalized and brought down drastically, for the historic tax to be viewed as boon rather than a bane! But, one hopes that these are mere teething problems, and, in due course of time, the government will iron out all deficiencies, plug all loop holes and ensure that the ease of doing business and trade facilitation are infused and integrated within GST tax structure. This will help mitigating complex and interpretative issues making collections soar and compliance levels going high.

Undoubtedly, demonetization had mixed success, as, disruption caused by this policy may have dampened GDP growth in the short term, but, it could also prove to have long term benefits. It increased the number of digital transactions being conducted within India's economy, which are easier to track and to tax: since April, over twice as many Indians have filed tax returns than in the same period last year

Broadening its tax base should enable India to make much-needed progress in increasing the inclusivity of its economic growth. India ranked a disappointing 60th among the 79 developing economies assessed in the World Economic Forum's latest Inclusive Development Index.

Start by doing what's necessary; then do what's possible; and suddenly you are doing the impossible. Over the last couple of years, the government has taken multiple steps to revive the economy-from ease of doing business to controlling inflation, from reining in fiscal to revival of manufacturing sector, and so on. The increased foreign direct investment inflow is a reflection of the pragmatic decisions taken to open up various sectors for investment.

On the customs front, constant progressive reforms are being injected, with the latest one being the introduction of E-SANCHIT i.e. the online filing of documents, aiming to move towards paperless regime. This is a great step towards ringing in major reforms and justifying government's resolve to introduce transparency in governance at all levels. The E-SANCHIT is also aimed at cutting off the interface between the Custom officer and the Custom Broker/Importer to a great extent. However, as is evident from the various path breaking reforms initiated by Government thru Finance Ministry's CBEC wing, the initial resistance to the change is very evident and there is a sense of insecurity prevailing in the corridors of Customs and other revenue departments.

Success is not final, failure is not fatal: it is the courage to continue that counts. The grit and determination with which the reforms have been introduced is clearly an indicator to the well-meaning and progressive intent of the Government in bringing about radical, drastic and revolutionary way of exiting and getting rid from the age old antiquated British laws and tax regimes.

"Success is not final, failure is not fatal: it is the courage to continue that counts. The grit and determination with which the reforms have been introduced is clearly an indicator to the well-meaning and progressive intent of the Government in bringing about radical, drastic and revolutionary way of exiting and getting rid from the age old antiquated British laws and tax regimes"

Authorized Economic Operator [AEO] is yet another vibrant and robust scheme which is being widely promoted and encouraged by the Customs department at all major ports. This AEO, which is as per the guidelines and directives of the World Customs Organization, is a global and internationally acclaimed scheme, and, is being successfully practiced and followed in many WCO member countries.

However, the saddest part is that whilst, most of the time, the trade [importers and exporters] either loves to lament, complaint and criticize the initiatives being introduced, or, coolly turns a blind eye to these reforms and shows no interest nor any sense of urgency nor seriousness to understand these major reforms. Many a times the salient feature of many such progressive reforms are overlooked and the trade loses out of tangible benefits and advantages.

The government should seriously consider bringing in one more reform wherein the trade (particularly the importers and exporters) who do not show interest and seriousness in implementation of ethical norms, trade practices and most importantly in not understanding and following the customs reforms, {right from getting AEO status to E-Sanchit to compliance of norms and customs rules and regulations to appointing qualified vendors who are well equipped with all statutory norms, rules, regulations and ethical practices} are penalized or down-graded, and their consignments [both import and export] are subjected to 100% assessment and checks.

We, at AILBIEA, are continually striving to serve various revenue departments and Ports vis-à-vis the members, acting like an ideal catalyst. We have made significant inroads and today we are a force to reckon with. Only if members show more interest and participate more willingly and whole heartedly in the association's affairs, meetings and events, then, we can see happier days much sooner than expected!

With warm regards,

Jayyannt Lapsiaa
President

Shipping Ministry highlights 14 Coastal Economic Zones being developed under Sagarmala

For promoting port-led industrialization, 14 Coastal Economic Zones (CEZs) covering all the Maritime States and Union Territories have been identified as part of the National Perspective Plan under the Sagarmala Programme. The Perspective Plans for all 14 CEZs have been prepared in consultation with relevant State Governments and Central Ministries.

The list of 14 proposed CEZs identified in the National Perspective Plan for Sagarmala is as follows:-

No.	Proposed location for CEZ	State	Districts Covered	Potential Industries
1	Kachchh	Gujarat	Kachchh	Petrochemicals, Cement, Furniture
2	Saurashtra	Gujarat	Junagarh, Amreli, Bhavnagar, Ahmedabad	Apparel, Automotive
3	Suryapur	Gujarat	Bharuch, Surat, Navsari, Valsad	Marine Clusters
4	North Konkan	Maharashtra	Nashik, Thane, Mumbai, Pune, Raigarh	Power, Electronics, Apparel
5	South Konkan	Maharashtra, Goa	Ratnagiri, Sindhudurg, North Goa, South Goa	Refining, Steel, Food Processing
6	DakshinKanara	Karnataka	Udupi, Dakshin Kannada, Kodagu, Mysore	Petrochemicals
7	Malabar	Kerala	Ernakulam, Alappuzha Kollam, Thiruvananthapuram	Furniture
8	Mannar	Tamil Nadu	Kanyakumari, Tirunelveli, Thoothukudi	Apparel, Refining
9	Poompuhar	Tamil Nadu	Cuddalore, Perambalur, Ariyalur, Tiruchirappallu, Thanjavur, Thiruvarur, Nagapattinam	Leather Processing, Power
10	VCIC South	Tamil Nadu	Thiruvallur, Chennai, Kancheepuram	Steel, Petrochemicals, Electronics, Shipbuilding
11	VCIC Central	Andhra Pradesh	Chittoor, Nellore	Electronics
12	VCIC North	Andhra Pradesh	Guntur, Krishna, West Godavari, East Godavari, Visakhapatnam, Vizianagaram, Srikakulam	Food Processing, Petrochemicals, Cement, Apparel
13	Kalinga	Odisha	Puri, Jagatsinghapur, Cuttack, Kendrapara, Jajapur, Bhadrak	Petrochemicals, Marine Processing
14	Gaud	West Bengal	PurbaMedinipur, South twenty Parganas	Leather Processing

Port-led industrialization through the proposed development of CEZ under Sagarmala Programme are expected to provide impetus to the "Make in India" initiative of the Government of India, that will aid in creation of jobs in India. Finalization of institutional framework and roadmap for the development of CEZ based on the recommendations of Inter-Ministerial Committee has been taken up.

This information was given by Union Minister of State for Shipping and Finance Shri Pon. Radhakrishnan in Lok Sabha recently.

E-sealing of export goods mandatory from March 1 in few Ports

E-sealing of goods is mandatory for exports through three Ports from March 1 and exporters need to register to get the e-seals, according to Ashok, Commissioner of Customs, Tiruchi. He said that e-sealing will replace self-sealing done by exporters now. In e-sealing, the seals cannot be tampered. Exporters need to register on the portal and they can also track the movement of the goods.

"E-sealing of goods is mandatory for exports through three Ports from March 1 and exporters need to register to get the e-seals, according to Ashok, Commissioner of Customs, Tiruchi."

According to K. Ramesh, Assistant Commissioner - Customs (Cuddalore), who also spoke at the meeting here, & said, e-sealing is mandatory from March 1 for exporters using the Inland Container Depot-Tirupur, and the Chennai and Thoothukudi Ports. For the other ports, it is mandatory from April 1.

Both, manufacturer exporters and merchandise exporters, are covered under this and the seals are available with Government-identified agencies. All exporters who have applied for the e-sealing have been registered in the portal so far.

Earlier, Mr. Ashok said at a meeting that since Coimbatore is part of the Tiruchi Customs from January 15, exporters or importers who have any problem could write to him with all the details. From the department side, "We are trying to re-engineer business processes such as making reporting easy and controlling costs for the industry," he added.

•••

Adani Group plans to build 5 mtpa LNG terminal in East India

A 5 million-tonne-per-annum LNG import terminal at Mundra in Gujarat State on the West Coast of India, part owned by the Adani Group, will likely be operational in April or May, a senior company official said recently.

The terminal will have receiving, storage and re-gasification facilities for liquefied natural gas (LNG) and will be connected to Gujarat State Petronet's existing pipeline network at Anjaar, Gujarat. Mr. Sarthak Behuria, Executive Director of the company's LNG and LPG division revealed that Adani is also planning to build a 5 million-tonne-a-year LNG terminal at Dhamra on the East Coast of India, on the sidelines of an LNG conference in Bali, Indonesia.

"Adani is also planning to build a 5 million-tonne-a-year LNG terminal at Dhamra on the East Coast of India, on the sidelines of an LNG conference in Bali, Indonesia."

"We have the approvals and we are tendering out. So it will take three to four years," he added.

Adani's plans are in line with a broad push in India to more than double the share natural gas has in the Country's energy mix to 15 percent by 2022.

India has four LNG terminals now and imports around 20 million tonnes of the super-chilled fuel a year, but the Government plans to build another 11 terminals over the next seven years.

Major Ports register positive growth of 4.58% during April 2017-January 2018

The Major Ports in India have recorded a growth of 4.58% and together handled 560.97 Million Tonnes of cargo during the period April 2017 to January 2018 as against 536.41 Million Tonnes handled during the corresponding period of previous year.

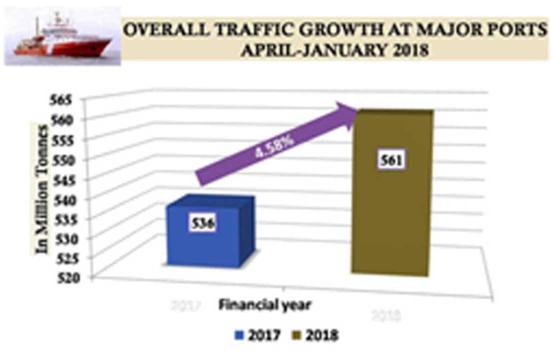
For the period from April 2017 to January 2018, Eight Ports i.e. Kolkata including Haldia, Paradip, Visakhapatnam, Chennai, Cochin, New Mangalore, JNPT and Deendayal have registered positive growth in traffic.

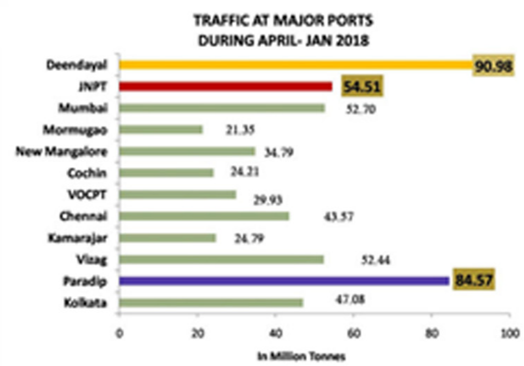
> "April 2017 to January 2018, Eight Ports i.e. Kolkata including Haldia, Paradip, Visakhapatnam, Chennai, Cochin, New Mangalore, JNPT and Deendayal have registered positive growth in traffic."

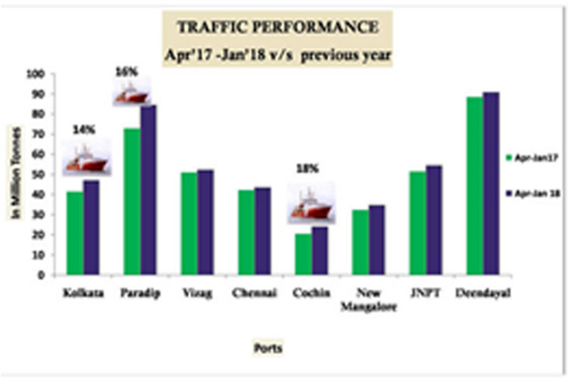
Cargo traffic handled at Major Ports:

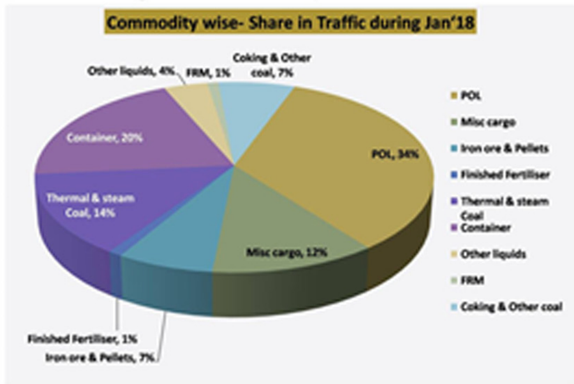
- The highest growth was registered by Cochin Port (18.36%), followed by Paradip (16.01%), Kolkata [incl. Haldia] (13.47%), New Mangalore (7.37%) and JNPT (5.95%).
- Cochin Port growth was mainly due to increase in traffic of POL (24.54%), Containers (11.45%) and other Misc. Cargo (1.02%).
- In Kolkata Port, overall growth was 13.47% . Kolkata Dock System (KDS) registered traffic growth of 1.12%. Whereas Haldia Dock Complex (HDC) registered positive growth of 19.63% which is highest among all the Major Ports.
- During the period April 2017 to January 2018, Deendayal (Kandla) Port handled the highest volume of traffic i.e. 90.99 Million Tonnes (16.22% share), followed by Paradip with 84.57 Million Tonnes (15.08% share), JNPT with 54.52 Million Tonnes (9.72% share), Mumbai with 52.71 Million Tonnes (9.40% share), and Visakhapatnam with 52.44 Million Tonnes (9.35% share). Together, these five ports handled around 60% of Major Port Traffic.
- Commodity-wise percentage share of POL was maximum i.e. 33.74%, followed by Container (19.70%), Thermal & Steam Coal (13.72%), Other Misc. Cargo (12.09%), Coking & Other Coal (7.60%), Iron Ore & Pellets (6.72%), Other Liquid (4.15%), Finished Fertilizer (1.17%) and FRM (1.11%), informed a Govt. release.

•••









Centre working to make e-way bill take off in 2-3 months

The Government wants to wait until it is fully satisfied with the IT system before announcing the date.

The e-way bill under the Goods and Services Tax (GST), a mechanism to avert tax evasion on inter-State movement of goods, is likely to be re-notified in two to three months once the technical glitches are addressed.

Further, to ensure that IT problems do not hold up the system in future, the Government is looking at an alternative option that can be used by businesses if they are unable to generate the e-way bill, which is an online ticket for movement of goods over Rs. 50,000 for distances over 10 km.

"A final date for making the e-way bill mandatory will be notified once the problems are sorted out and further tests are carried out," said an official.

"The GST Council will also review the progress," the official added.

The Finance Ministry, the GST Network and the National Informatics Centre (NIC) are understood to be discussing various options.

The NIC is also working to address the technical glitches on the e-way bill portal.

"There is a thinking that there should also be an alternative option so that if there are problems in generating the e-way bill, businesses are not impacted and can easily use another option," said an official.

Sources said that this time the Government wants to wait until it is fully satisfied with the IT system before announcing the date.

•••

JNPT creates historic landmark by handling 4.18 Lakh TEUs in Jan. 2018

Mr. Neeraj Bansal, IRS

6.91 % Growth in Container handling for April-January Period

DPD share up at 37.26 %

Jawaharlal Nehru Port Trust (JNPT), handled 4.18 lakh TEUs in January 2018, which is highest ever Container traffic handled during a month at JNPT and increase of 13% over the same month last year.

Commenting on the performance in January, Shri Neeraj Bansal, IRS, Chairman-in-Charge said, "JNPT's sustained efforts in creating trade-friendly measures over the last few months is reaping reward with an improvement on a month on month basis. With the commencement of operations of fourth terminal, Export-Import trade gets an opportunity to use state-of-the-art facilities and avail JNPT Port for further increasing the volume of traffic".

Among the four terminals, JNPCT handled 1.12 lakh TEUs, APM's shared stood at 1.90 lakh TEUs, DP World (comprising NSICT and NSIGT) together handled 1.15 lakh TEUs during January. The total container traffic handled during current Financial Year 2017-18 (Apr 2017 - Jan 2018 is 40.10 Lakh TEUs which is .91% higher than 37.51 Lakh TEUs handled during same period previous year.

Direct Port Delivery (DPD), one of the key initiative implemented by JNPT to reduce the logistics cost and time has met with highly encouraging response as the share of DPD clearance has steadily risen to more than 37 per cent in January.

In January, Inter Terminal Movement of TTs was availed by 17,494 trucks completing 22,158 transactions resulting in fuel saving of Rs 7.6 crore since start of this initiative.

•••

Major Ports witnessed turnaround in last 3 years: Mansukh Mandaviya

As an infrastructure sector Major Ports have witnessed a turnaround during the last three years the Minister of State for Road Transport and Highways, Shipping and Chemical and Fertilisers, Mr Mansukh L. Mandaviya, told Parliament.

Major Ports Performance during last 3 years			
Particulars	2014-15	2015-16	2016-17
Traffic (Million Tonnes)	581.34	606.47	648.40
Capacity(MTPA) (Re-rated in 2016-17	871.52	965.36	1359
Turnaround Time (in hours)	96.00	87.36	82.32
Output Per Ship Berthday (in Tonnes)	12458	13156	14576
Operating Income (Rs. in Crores)	10190.43	10990.29	11904.31
Operating Surplus (Rs. in Crores)	3599.40	4296.56	4920.06

The Infrastructural development and capacity augmentation of Major Ports is a continual process.

The process inter-alia includes mechanization of the Ports by way of use of latest version of crane and other equipments/techniques for quicker turnaround of cargo. Implementation of some of the new initiatives suggested by benchmarking consultants had a positive impact in this regard. Keeping in view the recent initiatives taken like new Berthing Policy, 2016, Stevedoring Policy, Project Unnati, an exercise was taken to re-rate the capacities of Major Ports. This has resulted in the installed capacity of the Major Ports going up from 1065.83MTPA during 2016-17 to 1359MTPA.

•••

DPT handles 105.57 mmt cargo, surpasses last year's cargo traffic

Deendayal Port Trust (DPT) has surpassed the last year's cargo traffic of 105.442 million metrics tonnes on 21st March (0800 hours). Given the fact that 11 more days are left for this fiscal year end, DPT is all set to create a new milestone in cargo handling and is slated to achieve Ministry of Shipping's target of 106 mmt during current financial year.

The port has handled 105.576 mmt as on 21st March compared to 102.071 mmt handled during corresponding period of last year achieving an increase of 3.43% or 3.5 mmt.

India's Logistics sector to reach USD 215 bn by 2020: Economic Survey

The Country's logistics industry which is worth around USD 160 billion is likely to touch USD 215 billion in the next two years with the implementation of GST, Economic Survey said.

"With the implementation of GST, the Indian logistics market is expected to reach about USD 215 billion in 2020, growing at a CAGR of 10.5 per cent," Economic Survey 2017-18 tabled in Parliament said. The Indian logistics industry which provides employment to more than 22 million people has grown at a compound annual growth rate (CAGR) of 7.8 per cent during the last five years, it said.

> **"The Indian logistics industry which provides employment to more than 22 million people has grown at a compound annual growth rate (CAGR) of 7.8 per cent during the last five years, it said."**

The Global Ranking of the World Bank's 2016 Logistics Performance Index shows that India jumped to 35th rank in 2016 from 54th rank in 2014 in terms of overall logistics performance.

India has improved its rank in all the six components of logistics performance index, it added.

Realising the importance of the sector and to address the inefficiencies, the Government has included the sector in the Harmonised Master List of Infrastructure Subsector.

"Inclusion of logistics sector in the Harmonised Master List of Infrastructure Subsector will benefit the sector in many ways," it said.

It will be helpful in facilitating the credit flow into the sector with longer tenures and reasonable interest rates, it said adding the infrastructure status will simplify the process of approval for construction of Multimodal logistics (parks) facilities that includes both storage and transport infrastructure.

To a large extent, the logistics sector in India remains unorganised, it said adding the industry is facing challenges such as high cost of logistics impacting competitiveness in domestic and global market, underdeveloped material handling infrastructure, fragmented warehousing and lack of seamless movement of goods across modes, among others.

"In order to develop this sector in an integrated way, it is important to focus on new technology, improved investment, skilling, removing bottlenecks, improving inter modal transportation, automation, single window system for giving clearances, and simplifying processes," it added.

By recognising the importance of the sector, a new logistics division has been created in the Department of Commerce to develop and coordinate integrated development of the industry, improvement in existing procedures, identification of bottlenecks and gaps, and introduction of technology-based interventions in this sector, the survey said.

Improving logistics sector has huge implication on exports and it is estimated that a 10 per cent decrease in indirect logistics cost can increase 5-8 per cent of exports.

•••

Samir J. Shah conferred "World Customs Organization (WCO) Certificate of Merit" for his contribution to the International Customs Community

Samir J Shah, Partner of JBS Group of Companies has been conferred the "World Customs Organization (WCO) Certificate of Merit" representing India on occasion of International Customs Day 2018 for rendering exceptional service to the International Customs Community.

The selections for this year were announced by the International Customs Division (ICD), Central Board of Customs and Excise, Ministry of Finance, Government of India.

Mr. Samir J. Shah receiving the WCO Certificate of Merit from Mr Shiv Pratap Shukla

The WCO Certificate of Merit was awarded by Shri Shiv Pratap Shukla, Union Minister of State for Finance, Government of India, Member Parliament (Rajya Sabha) at a glittering event organized by Government of India on 27th January 2018 in New Delhi.

International Customs Day is celebrated internationally to mark formation of World Customs Organization in 1952. World Customs Organization is an intergovernmental organization comprising of Customs department of over 180 countries.

Other dignitaries present on the occasion were Finance Minister Shri Arun Jaitley, Finance Secretary Shri Hasmukh Adhia, and Smt. Vanaja Sarna, Chairperson - Central Board of Excise & Customs (CBEC) along with all members of the CBEC. Many other representatives of various Government departments and other senior and retired officers of Indian customs were also present in the event.

Mr. Shah is Immediate Past President of Federation of Freight Forwarders' Associations in India (FFFAI), Partner with JBS Group of Companies and Chief Mentor and Director with JBS Academy, an education institute engaged in the skill development of workforce in Logistics sector. He has written 2 books on Customs in India and is a recipient of many awards in the Logistics sector.

•••

Global growth, domestic demand to lift FY19 GDP to 7.5% : CRISIL

The economy will grow up to 7.5 per cent in FY19, supported by domestic consumption, policy push, and synchronized global growth, says a report.

In the current fiscal, GDP growth is expected to be 6.5 per cent. The Economic Survey 2018 has pegged FY19 growth at 7-7.5 per cent. "After two sub-par years, interjected by demonetization and rollout of goods and services tax (GST), growth is seen recuperating to a respectable 7.5 per cent next fiscal," CRISIL said in a report.

The key engines supporting the upturn are largely domestic and policy-driven, though a synchronous upturn in global growth will provide some tailwind.

The upturn in growth will be aided partly by the low-base effect.

It said global growth is gathering pace, and the momentum in global trade is expected to continue in 2018 as well.

It should buoy exports, but the pick-up is unlikely to be material, given poor local infrastructure, higher cost of capital and labour productivity issues, it said.

The rating agency said the key risks to its forecasts stem from inability to resolve GST-related issues quickly and fiscal stress leading to a cut in capex by the Government.

•••

India testing waters in LPG ship-building

After an unsuccessful attempt to build liquefied natural gas (LNG) carriers locally, the Centre's policy managers are turning their attention to another cryogenic segment — constructing liquefied petroleum gas (LPG) tankers at domestic shipyards.

LNG ship-building fiasco behind move; industry remains sceptical of the plan

"It's at a very early idea generation stage," said a government official briefed on the plan. "The discussions are driven by the market because the demand for LPG is rising in India, making it one of the world's largest LPG import markets after China and Japan."

State-run sponsors

The idea was flagged off at a high-level meeting called by the government in December to discuss a long-term perspective for shipping infrastructure development.

Two State-run firms — Shipping Corporation of India Ltd (SCI) and Cochin Shipyard Ltd (CSL) — will be involved in exploring the possibility of building LPG tankers locally.

With Varun Resources Ltd, India's biggest owner of LPG ships, facing bankruptcy proceedings, fleet owners such as SCI are looking to expand their LPG fleet to tap the potential from State-run oil firms.

> "This will do away with the requirement of paper acknowledgment of delivery of goods and will reduce huge administrative burden of the transport service providers," ...said Sarkari

PSUs are mandated to extend a so-called right of first refusal (RoFR) to domestic shipowners. If the latter are not the lowest bidder in tenders floated by the PSUs to haul their cargo, they are offered an opportunity to match the lowest rate quoted by a foreign shipowner and take the contract.

Similarly, Indian shipyards have an RoFR on purchases by government departments and agencies, including State-run firms, according to a 10-year financial assistance policy for shipyards that took effect on April 1, 2016.

Domestic strengths

The policy mandates that even if the local shipyard is not the lowest bidder in a tender issued by a government department/agency/PSU, it can match the lowest foreign bid and secure the contract.

The government is looking to dovetail the two features to help India get started in LPG ship construction, the official mentioned earlier said.

SCI, India's biggest shipowner, runs three LPG carriers — one very large gas carrier (VLGC) and two smaller vessels. Great Eastern Shipping Company Ltd, the country's biggest private fleet owner, also runs three LPG ships.

Last year, Singapore's BW LPG and India's Global United Shipping set up an equal joint venture to own and operate gas ships for transportation of LPG within Indian waters.

The shipping industry, though, is sceptical of the government move to build LPG ships locally.

"Cryogenic ship construction in India would, in any case, take a long time," said a shipping industry executive. Foreign yards will give delivery of a vessel in 30 months, whereas Indian yards will take a longer time to deliver the first ship because they have to start from scratch, he added.

"LPG ship construction might take a little lesser time than LNG ones, but the gestation period is still pretty long. How do you then substantiate or fulfil the demand at the current moment? That's a Catch-22 situation," he said.

"The demand is increasing today, but what happens after five years? That's the question to be answered while finalising plans to buy LPG ships either from the global market, including second-hand purchases, or getting these ships constructed at Indian yards," the industry executive said. •••

Budget 2018: Logistics industry expects steps to decrease logistics costs as a share of GDP

The logistics industry expects steps that would decrease logistics costs as a share of GDP as well as simplify the implementation of the Goods and Services Tax (GST) said industry captains and experts. "Logistics costs as part of GDP is still 13%-15%, a percentage much lower in other countries. We would welcome whatever steps the Government takes to make that chunk smaller," said George Lawson, Managing Director at DHL Global Forwarding, India.

"Currently, the transportation revenue is subject to tax deducted at source at 2%. This puts huge pressure on cash flow as TDS today is far more than tax liability. Though there is a provision for reduced rate of tax, it takes lot of time and administrative burden asking for it. Every year, 3PL companies like Mahindra Logistics files its ROI with huge tax refund eligibility," said Pirojshaw Sarkari, CEO, Mahindra Logistics.

"As per current provisions, there is an option for a transporter to either pay GST under reverse charge mechanism (RCM) under which ultimate recipient of services pay the applicable GST, or under forward charge mechanism (FCM). Using FCM would be an advantage for the service provider (as it entitles it to claim the input tax credit for all the inputs), but it requires that if it is adopted, it needs to be adopted for all its customers. This need to be made customer specific, as it is not necessary for all customer to agree/not agree for FCM. This puts lot of difficulties for a transporter to align with its customers," he said.

He added that the proposed implementation of e-way bills need to have compulsory closing mechanism from the consignee on delivery of goods at the destination.

"This will do away with the requirement of paper acknowledgment of delivery of goods and will reduce huge administrative burden of the transport service providers," said Sarkari.

"Also, further investments should be channelized with respect to an integrated transport and logistics policy so that enhancements in terminal capacities, transport networks and ancillary infrastructure can be appropriately prioritised across states," said Peeyush Naidu, Partner, Deloitte.

"For instance, development of an optimal modal mix for the Country - even under a unified union budget (including railways), would need coordination action across Central & State Government agencies such as Customs, DGFT, Railways, Ports, Airports, Inland Waterways, Coastal Shipping etc. in terms of master planning, integration with relevant local plans, approval processes, interfaces between infrastructure developed by different agencies, etc. The union budget could provide an impetus to this through appropriate institutional mechanisms and potentially supporting the Logistics division in the Department of Commerce for coordinating an "integrated development of Logistics sector" he added.

India challenges China as world's biggest LPG importer

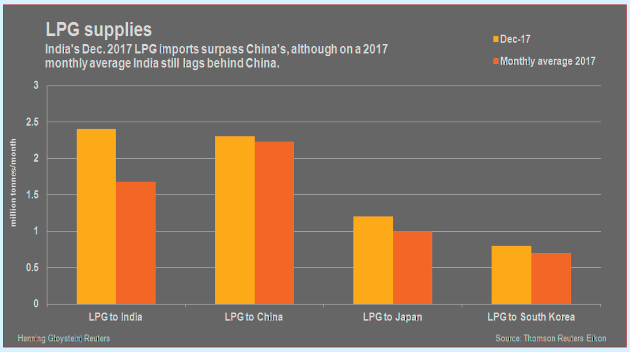
Shipping data in Thomson Reuters Eikon shows LPG shipments to India will reach 2.4 million tonnes in December, pushing it ahead of top importer China, on 2.3 million tonnes, for the first time.

India's LPG purchases have surged from just 1 million tonnes a month in early 2015 on the back of a government program to bring energy to millions of poor households relying on open fires.

"The growth in India is amazing. The fact that they have grown from 140 million subsidized household connections in 2015 to 181 million now is very impressive," Ted Young, chief financial officer at Dorian LPG told Reuters.

With a fleet of 22 tankers, U.S.-based Dorian is one of the world's biggest LPG shippers.

LPG, a mixture of propane and butane, is used for cooking and transport, as well as in the petrochemical industry. The global market is similar in size to liquefied natural gas (LNG), at around 300 million tonnes traded a year, although both are dwarfed by the market for crude oil, which stands at well over 4 billion tonnes a year.



India's average monthly imports in 2017 of about 1.7 million tonnes are well still behind China's 2.2 million

tonnes, but it has jumped ahead of third-placed Japan on about 1 million tonnes.

•••

JNCH implements paperless processing under SWIFT

Makes mandatory uploading of supporting documents for all Bills of Entry filed at JNCH from March 15

Jawaharlal Nehru Custom House (JNCH) has made it obligatory to upload the supporting documents through e-SANCHIT facility for all the Bills of Entry filed in JNCH w.e.f. 15.03.2018. Accordingly, following procedures have been prescribed for smooth implementation of this facility:

a) When a bill of entry is filed by using e-SANCHIT facility, hard copy of uploaded documents won't be insisted by Assessing Officers.

   Hardcopies of additional documents required during assessment should be uploaded through e-SANCHIT as per procedure outlined in the Public Notice no. 162/2017 dated 29.12.2017.

b) Certain documents/certificates in original (for example, Certificates of Origin, duty exemption certificate, etc.), are required to be mandatorily verified at the time of assessment and/ or clearance stage, as the case may be. However, even such documents must be uploaded on e-SANCHIT before clearance.

In order to facilitate smooth functioning of this facility of uploading the supporting documents, the feedback, queries/difficulties, in implementation of this Public Notice, if any, shall be brought to the notice of or may be addressed to the Deputy Commissioner of Customs (EDI), JNCH, Nhava Sheva by email to edi@jawaharcustoms.gov.in or Deputy/Assistant Commissioner in charge of Appraising Main (Import), NS-III (email address: appraisingmain.jnch@gov.in)

•••

CBEC to approach GST Council to avail powers for rectifying mismatches in IGST refunds: CBEC Member

Central Board of Excise and Customs (CBEC) would soon approach GST Council to empower its key functionaries and officials to rectify mismatches in returns filed by traders and businesses to avail refund of IGST wherever GSTN is unable to tally such mismatches with customs site on grounds of technicalities, according to its Member (Customs), Mr. Pranab Kumar Das.

Speaking on Refunds on Exports / Deemed Exports under GST Mr. Das clarified that under the current GST regime customs' officials are unable to intervene on matters relating to mismatches arising out of GST returns filed by traders and businesses for refund of IGST on exports on the one hand and the systematic validation or certain particulars with GSTN and customs ICEGATE.

"This has led to either delays in IGST refunds in certain cases. Therefore, the Department of Finance would soon approach the GST Council in its forthcoming meeting and seek its approval to enable customs officials to rectify mismatches so that IGST refunds are quickly deliver and businesses are enabled and better facilitated", indicated Mr. Das.

Mr. Das called upon the traders and business community to be meticulous in their return filing as also be honest as GST refunds are systematic driven process and a minor mistake here and there could delay the process of refunds though the Government is trying its best to sort out refunds related problems with empowering its officials with powers to rectify mismatches.

•••

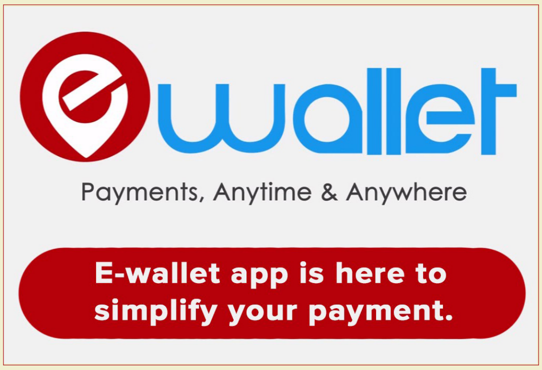
E-wallet will address GST refund issue of exporters: Suresh Prabhu

Introduction of e-wallet mechanism will effectively address the woes of exporters who have been complaining of delays in refund of taxes under the GST regime, Commerce and Industry Minister Suresh Prabhu said.

Suresh Prabhu
Minister of Commerce and Industry

Under the e-wallet mechanism, a notional credit would be transferred to exporters' accounts based on their past record and the credit can be used to pay taxes on inputs.

Prabhu said that Secretaries in the Commerce and Finance Ministries are working on the matter.



"The only way it can be addressed properly is through e-wallet (mechanism). Finance Ministry has to take a call on this. E-wallet will actually address the issue because then you (exporters) do not have to pay and seek refunds," he told.

According to exporters, delay in refund of taxes is blocking their working capital and impacting shipments.

The issue of refunds to exporters has been delayed for over eight months now.

The Revenue Department, on the other hand, has argued that there are discrepancies in the forms submitted by exporters with the Customs Department and those with the GST Network (GSTN).

As per exporters, about Rs 20,000 crore is stuck on account of delay in refund of duty claims under the new indirect tax regime.

Before GST, exporters used to get ab-initio exemptions from duties. But now they have to pay first and then seek refund. The Prime Minister's Office had earlier called a meeting of top officials of Commerce and Finance Ministries to discuss the issue of GST refunds.

The GST Council in its meeting earlier this month decided to implement e-wallet scheme for refunds to exporters by October 1. Meanwhile, the CBEC field formations have launched 'GST refund fortnight' beginning yesterday to quickly sanction pending refunds to exporters.

Federation of Indian Export Organisations (FIEO) had stated that e-wallet could help resolve the problem of liquidity. Exporters may use it like a running account where money will be debited from e-wallet when duty paid supplies have to be undertaken and the amount is credited when the proof of exports is made available.

•••

JNPT welcomes delegation from Chief Minister's office

A delegation from the Chief Minister's office visited JNPT to understand the overall port operation, capacity addition projects along with various initiatives implemented by Port authority.

Around 35 fellow members who are working in the CM office were taken around for a detailed port tour explaining various aspects of the port operations. The delegation expressed their happiness and appreciated the initiatives taken by JNPT for boosting Export-Import Trade.

•••

Freight Forwarders to get impacted significantly from Game-Changing Technology: DB Schenker CEO

The traditional freight forwarding model is being upended by fast developing supply chain technology, with forwarders, online startups, and even carriers in a race to develop integrated end-to-end solutions that not everyone can win.

Mr. Jochen Thewes
CEO, DB Schenker

Addressing TPM 2018 in a keynote address, DB Schenker CEO Jochen Thewes said technology is changing the game completely and he described an environment in which the traditional business model of forwarders was under threat.

"For the startups, the race is on. Who will come out on top will depend on whether digital forwarders will be able to build up logistics knowhow and fulfilment capabilities faster than we can build up our digital competence and digital process execution," he said.

"The days when 3PLs [third-party logistics providers] did everything on their own and in their own systems, those days are over. The days when we took years to develop and rollout global transport management systems and visibility and data solutions are over. The speed that you need today to bring new solutions to the market simply does not allow for it anymore."

> "A large company like DB Schenker may not be the fastest sprinter, but over the long distance we are a pretty strong contender. We are fully in this and fully committed to the race and coming up in one of the top spots."

As if the online solutions providers were not competition enough, carriers getting involved in landslide operations and even offering such services as customs declaration was also beginning to blur the line between container line and forwarder. Thewes said Maersk's plan to become an integrator of global container logistics could be a game changer.

"Having access to the assets and having access to their capacity and controlling their terminals is a crucial part," he said. "The business model that we used to operate — 100 percent outsourced with little control and order fulfilment of the supply chain — is going to be challenged tremendously by this development.

"We really need to consider how we are going to position ourselves if that happens in the future if we are to really have any differentiating factors for our customers. It's going to be a real challenge."

But the Hamburg-based executive was confident DB Schenker would prevail in any race for supply chain superiority.

"A large company like DB Schenker may not be the fastest sprinter, but over the long distance we are a pretty strong contender. We are fully in this and fully committed to the race and coming up in one of the top spots."

In his keynote address, Thewes referred the insulation of the shipping and logistics industry from technological disruption seen elsewhere in the economy, something that could no longer be avoided.

"We have been shielded for quite some time from really radical change and disruption. That time is up," he said.

"If global forwarders such as DB Schenker want to remain relevant, if we want to stay at the forefront of our industry, if we want to compete in this environment and win the future talent that we need for that, the transformation that we as an industry have ahead of us is absolutely massive."

Thewes acknowledged that the DB Schenker strategy was too narrow for such a fast changing world and a wider lens was needed to understand what was going on. So in a crystal ball exercise, DB Schenker spent six months talking to business leaders, universities, companies that were disrupted and reinvented themselves, and companies that were disrupted and did not make it, and talked to non-governmental organizations and the military.

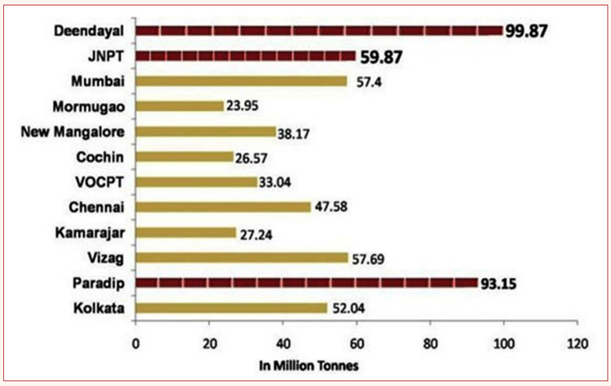
What emerged were a set of 10 strategic beliefs that have been incorporated into DB Schenker's strategy. "Even though we cannot with certainty predict what our operating model will look like in five or 10 years, what we can do at best is to formulate things about the future and that we believe to be true and will have an impact on our business," he said. •••

Major Ports register 5% traffic growth during Apr-Feb period

TRAFFIC AT MAJOR PORTS: APRIL-FEBRUARY 2018

Major Ports registered a positive traffic growth of 4.97 % during Apr-Feb '18 with 616 MT as compared to 587 MT handled in previous corresponding period.

Eight Major Ports register positive growth in April'17-Feb'18. Highest growth registered by Cochin Port with a growth of 18%, followed by Paradip Port growing by 16 % & Kolkata Port achieving 14% growth.



Deendayal Port handled highest volume of traffic with 99.87 MT followed by Paradip Port with 93.15 MT and JNPT with 59.87 MT. Mumbai Port handled 57.4 MT, Marmugao Port (23.95 MT), NMPT (38.17), Cochin Port (26.57 MT), VOCPT (33.04 MT), Chennai Port (47.58 MT), Kamarajar Port (27.24 MT), Vizag Port (57.69 MT).

Edited, Printed & Published by Raghu Warrier, RRaVISH

For editorial and advertising, please write to: **rw@rravish.com** / **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 9910** Fax: **+ 91 22 6155 9955** Website: **www.ailbiea.com**