

Newsletter for the week ended March 12, 2006

Cochin Shipyard lays keel for Clipper's 3rd carrier

The Cochin shipyard is currently constructing six bulk carriers for the Clipper Group. The contract with the Clipper Group was concluded in February 2004 with firm orders for four ships, which was later enhanced to six vessels. The third vessel is to be designed and built as a single screw diesel engine driven bulk carrier for unrestricted worldwide service. The vessel is to comply with the requirements of Type B ships defined by the International Convention of Load Lines. It is meant to carry dry bulk and break bulk cargoes such as grain, metal concentrates, iron ore, scrap metal, coal, bauxite, salt and sugar, as well as products like pipes, steel, coils and plates. The vessel is being built as per the highest requirements of the American Bureau of Shipping.

NTPC's coal imports at Paradip

National Thermal Power Corporation (NTPC) has appointed STC canalising agent for three-and-half months till April 15 for handling the power-grade coal being imported through Paradip port to meet the requirement of its Kanha plant in Orissa. It will handle an estimated eight-lakh tonnes during the period. Between June and December 2005, MMTC was the canalising agent for NTPC and handled an estimated 1.2 million tonnes.

Paradip Port Trust's agreement with Iffco

Paradip Port Trust (PPT) has decided to enter into an agreement with Iffco (Indian Farmers' Fertiliser Co-operatives) for leasing out the berth it had earlier leased out to the Oswals. The Oswals had sold its DAP (di-ammonium phosphate) fertiliser plant at Paradip to Iffco. PPT will offer the same terms and conditions to Iffco. The 2.5 mt capacity berth handled 1.8 mt of cargo (all imports) in 2004-05 and 3.5 lakh tonnes between April and September 2005. The Oswals sold the plant to Iffco in October and the berth has been lying idle since then.

Haldia's multipurpose berths

Simplex Infrastructure Ltd (formerly Simplex Concrete Piles Ltd) has bagged the order for construction of a multipurpose berth (No. 13) at Haldia dock. The job involves construction of a 250-metre-long berth and development of a back-up area of about 14,000 sq m. at an estimated cost of Rs 22.5 crore. ITD Cementation (formerly Skanska) has bagged the order to construct a multipurpose berth (No. 2) within the dock at an estimated cost of Rs 24.5 crore. The job would involve construction of a 260-metre-long berth and development of back-up area of about 14,000 sq m.

Ministry plans to appoint law firm to prepare model concession pact for major ports

The Union Ministry of Shipping, Road Transport and Highways plans to appoint a law firm to prepare a model concession agreement for public private partnership (PPP) projects to be awarded on BOT (build, own and transfer) basis in major ports in India. The Ministry finds the need to revisit various issues, mainly related to privatisation of projects at ports that involve legal, technical and financial aspects for which it plans to appoint a legal consultant. The law firm will study the existing legislative, policy and regulatory framework and suggest appropriate measures to address the concerns of various stakeholders in the port sector projects so as to stimulate investment, encourage competition, improve quality of service/efficiency in performance.

Tuticorin allowed to levy special charges

The Tariff Authority for Major Ports (TAMP) has approved the Tuticorin Port Trust's proposal to levy special charges for relieving congestion of dust-generating bulk cargo vessels. To control air pollution arising out of handling of certain cargoes such as copper concentrate, rock phosphate, industrial coal, sulphur, fertiliser and coke, the port has earmarked deep-draught berths III and IV for these cargoes. There is occasional bunching of deep draught/dust-generating cargo vessels leading to congestion in the port. Since most of the users — Tuticorin Steamer Agents' Association and the Tuticorin Custom House Agents Association — had in principle given their consent to the proposed tariff arrangement and also recognising that it is being implemented as an ad-hoc measure for the last seven months to curb congestion, the proposed provision for levy of shifting charge is approved.

Increase in container freight rates to European ports

From March 1, the container freight rates to the UK, North Continent, Scandinavian, Baltic and Mediterranean ports from Chennai, Kochi, Tuticorin, Kolkata and Haldia have increased by \$100 a TEU (twenty-foot equivalent unit) and \$200 for a FEU (forty-foot equivalent unit). This follows a westbound rate restoration announced by the India, Pakistan, Bangladesh and Ceylon conference. These rates will be levied up to May 31. The 20-member shipping line conference in a trade notice said that increase in costs, and delays and congestion continue to have a detrimental effect on the carriers' ability to operate efficiently.

Chennai, Tuticorin ports gearing up to handle wheat imports

Chennai and Tuticorin ports are gearing up to handle large quantities of wheat imports (in bulk). Tuticorin port can handle 15,000 tonnes a day with three cranes and hence can discharge 40,000 tonnes of wheat in three days. At Chennai wheat vessel would be given berth on arrival and would be allotted West Quay berths, which are clean. There would not be any contamination and any effect on the cargo due to the coal dust and there is also enough space inside the port to store wheat and do packaging.

JNPT to raise Rs 600 cr to clear World Bank dues

Jawaharlal Nehru Port Trust (JNPT) will raise Rs 600 crore from market as the government has asked the port to repay Rs 727 crore interest on a World Bank loan. Earlier, the port trust had requested the government to defer the interest payment or to treat this amount as a contribution to the port's Rs 800 crore channel dredging project, which was rejected. The government also asked JNPT to go alone in channel dredging project. The plan is to raise Rs 600 crore from the debt market and arrange for Rs 100 crore from internal accruals.

Rs 6,300cr proposed for deepening of entrance channels of major ports

The government is proposing to invest Rs 6,300 crore for deepening the entrance channels and strengthening the berths of all the 11 major ports except Kolkata port in the country. The shipping ministry has prepared a detailed project report after receiving proposals and designs from the ports in this regard. Currently, Indian ports entrance channels' draft is between 10 metres and 12 metres, except those of Mumbai and New Mangalore, which will be able to allow only smaller vessels of up to 65,000 DWT (dead weight tonnage). In order to keep up with the global shipping industry with bigger ships, the government is taking up this project.

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Ship repair facility likely to come up at Chennai port

A ship repair facility on built-operate-transfer (BOT) basis is expected to come up at the Chennai port at an investment of Rs 150 crore. The port did a feasibility study and had sent the proposal to the Union ministry of shipping seeking in-principle approval for the project. Dubai Ports evinced interest in participating in the project, by joining hands with the domestic firms. The facility will have space to repair 15-20 ships a month. The Chennai port's investment would be restricted to Rs 1 crore and other details such as sharing of revenue with the operator.

Plea for more feeder lines from New Mangalore Port

The Custom House Agents at Mangalore have found the need to attract more hinterland cargo to New Mangalore Port. At present, various other ports such as Chennai, Tuticorin and Kochi are attracting considerable number of cargoes from Karnataka. Some of the options suggested included the operation of more feeder lines for container cargo from Mangalore and the early commissioning of the railway line between Bangalore and Mangalore. Many exporters in Dharwad and Davangere in Karnataka are interested in bringing container cargoes to New Mangalore.

Nashik container depot

The inland container depot (ICD), jointly built by Hindustan Aeronautics (HAL) and Container Corporation of India (Concor) near Mohadi village, Nashik, will provide customs clearance and export facilities for farmers and industrialists in the region. This Rs 8 crore project which will be built on 15-acre land owned by HAL, six kms away from NH 3. The project will be jointly funded by both HAL and CCI. The proposed container depot will include a cargo complex and will have a capacity of 500 TEUs. Initially, the ICD will be connected only by road. The depot will include customs bonded stores and cold storage facilities.

JM Baxi seeks permission to offer container services

The shipping services provider JM Baxi & Company has applied for permission to offer containerised services from the ports of Pipavav, Mundra, Chennai/Ennore, Vizag and Kochi with hinterland on Indian Railways. The company has paid a registration fee of Rs 10 crore to Railways. Pipavav Rail Corporation Ltd (PRCL) has already been given a green signal for the same routes. The interest in the rail route connecting Pipavav port sector could be explained by the fact that this is likely to be the first track where double stack containers can be run.

KoPT to post surplus

Kolkata Dock System (KDS), for the first time since its inception in 1977, is going to post net surplus to the tune of Rs 50 crore in 2005-06, of around Rs 50 crore even after its contribution to the pension fund a sharp turn around from last year's deficit of Rs 47 crore. KoPT contributes around Rs 100 crore every year towards its pension fund from its surplus. CONCOR is expected to start fixed schedule service soon, which will help KoPT is getting the ICD container traffic from North India.

West Asia Maritime – IPO

West Asia Maritime (WAM), promoted by the \$2.3 billion Dubai-based Emirates Trading Agency Llc (ETA), is primarily into dry bulk operations for movement of sulphuric acid, phosphoric acid and vegetable oil. Along with its Singapore-based subsidiaries West Asia Maritime Overseas Pvt Ltd and WAM Singapore Pvt Ltd, the company owns and operates a fleet of 23 bulk carriers and two chemical tankers. The company recently signed a \$33.52 million memorandum of understanding with Japanese company Mitsui & Company for acquiring 56,120 dead weight tonne bulk carrier under bareboat purchase option. The major part of WAM's income comes from the vessels it owns and operates. WAM also offers freight cover to major trading houses through its wholly-owned subsidiary WAM Overseas by chartering vessels. The company charters over 60 vessels to meet its contractual obligations.

Iron ore exports at Paradip port

Iron ore exporters, routing their shipments through the ports of Haldia and Paradip, had a difficult time with fewer rakes being available for transportation of the mineral from the mines, which hindered iron ore exports through these ports. The movement of ore by road from the pithead to nearest railhead was hit because of the agitation in the mine areas. Further there were accidents causing dislocation in normal rail movement. Added to these, the zonal railways decided to cut down on the wagon allotment for iron ore exports.

Kandla port jostling with Chennai Port for the number three position

Kandla Port is set to unseat Chennai from its position as the third largest port in terms of cargo handled. The port has handled 37.661 million tonnes of cargo handled till January 2006. It is not far behind Chennai port, which has reported a volume of 39.071 million tonnes for the same period. The spurge in crude oil cargo will add more to its volume and might soon catch up with Chennai.

Paradip port to call bids for deep draft iron ore berth soon

Paradip Port Trust (PPT) will soon invite bids from private firms for construction of a deep-draft iron ore-cum-coal berth on BOT basis, a revised one from the earlier a deep draft iron ore berth. The proposed berth would have a draft of 16 metres, enough for handling Capesize vessels (1,25,000 dwt). The port's navigable channel would be extended from the present 2 km to 10 km; also higher depths would be obtained — around 19 metres in the approach channel and little more than 17 metres in the entrance channel, sufficient to achieve a draft of 16 metres in the proposed iron ore-cum-coal berth. The dredging work, estimated to cost Rs 160 crore, would involve removal of an estimated 15 million cubic metres of silt and would be completed within one year.

Kochi port's system study to improve info-tech facilities

The Cochin Port Trust is carrying out a system study and technical assistance for strengthening its information technology facilities. The study covers the existing systems, and identifies the areas proposed for automation and design of an information system as well as IT infrastructure, manpower and training requirements. Though the port had achieved considerable progress in implementing a MIS (management information system) project in 1999, many of its activities are yet to be computerised. the present set-up and design of the database cannot bring about optimum performance (in terms of back-ups and storage). The port management has decided to have a user-friendly support system for its IT set-up.

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State power units to import coal through eastern ports

The Maharashtra State Electricity Board (MSEB) will import through the Visakhapatnam port to meet the requirement of its Koradih power station near Nagpur. National Thermal Power Corporation will import its coal requirements through Haldia for its Kahalgaon plant in Bihar and West Bengal Power Development Corporation through Haldia for its Kolaghat Thermal Power Plant. An estimated 15 rakes of coal will move from Visakhapatnam port to Koradih, an equal number of rakes from Haldia to Kahalgaon and another eight rakes from Haldia to Kolaghat. Besides, seven-eight rakes a month too are being moved from Haldia to Budge Budge power station of CESC Ltd, a private sector power utility company in West Bengal.

Freight operations on Bangalore, Mangalore route via Hassan soon

The iron ore mines in Karnataka are sending around 30 million tonnes of ore to various major ports in the country. The commercial operation of the railway line will help the New Mangalore port receive around 6 million tonnes of iron ore a year. Iron ore cargo can be transported from Bellary-Hospet region and from Sasanur-Chitradurga region of Karnataka to the New Mangalore port.

SICL wins bid for second coal terminal at Ennore

The South India Corporation Ltd (SICL), belonging to the city-based Chettinad Group, has won the bid to construct and operate the second dedicated coal terminal at Ennore. SICL has tied up with the UK-based Portia Management for the project. It quoted the highest revenue share of 52.524 per cent, followed by Adani Group with 31.5 per cent and Sical Logistics with 22.8 per cent. The Rs 300 crore proposed terminal, to be built on a build, operate and transfer basis, will have a handling capacity of eight million tonnes a year of thermal coal and coking coal. The existing coal berth handles about 9 million tonnes of thermal coal for the Tamil Nadu Electricity Board.

New law may put extra burden on shipping sector

The ministry of shipping has given its in-principle approval for the proposed Shipping Trade Practices Act, a legislative measure to tighten the control over shipping industry intermediaries. The draft Act, prepared by the ministry, prescribes a registration fee of Rs 50,000 and bank guarantee to the tune of Rs 5,00,000 for all intermediaries. According to preliminary industry estimates, over 100,000 shipping intermediaries will have to register themselves to comply with STPA. This will translate into an inflow of Rs 5,500 crore into government coffers.

Master Shipyard delivers workboat for Leela Hotels

Master Shipyard Private Ltd, an associate company of the Kochi-based Lots Shipping, has delivered an all-purpose workboat for the Leela Hotels at Udaipur for the movement of passengers and cargo. The boat has the capacity to carry 12 passengers as well as 3 tonnes of cargo in narrow and shallow draft waterways. It can drive onto its deck, a small truck carrying about 3 tonnes of materials.

Kolkata port to restrict arrival of cargo vessels

The Kolkata Port Trust (KoPT) plans to restrict arrivals of certain types of vessels such as container vessels loading or unloading (or both) less than 100 boxes and other types of vessels bringing fertiliser raw materials such as rock phosphates or sulphur, certain types of steel materials and project cargoes. in the impounded dock of Haldia. These vessels will now have to bypass Haldia and proceed straight to the Kolkata Dock System (KDS) for unloading the consignments. If the vessels are carrying cargo volumes that will require higher draft than available at the KDS, then they can unload (partly) at the Diamond Harbour anchorage — where the available draft is higher than that in KDS — and then proceed to the KDS for unloading the balance cargo. Since there is no full-fledged jetty at Diamond Harbour, the consignments have to be lightened in barges at the Diamond Harbour anchorage.

Increase in oil moved from ice-bound regions

With an increase in demand for ice-class tankers, domestic shipping companies are exploring the possibility of increasing their ice-class ships, which are used to move oil to ice-bound regions. Ice-class ships have a different hull and are made of stronger steel, with an equally stronger propulsion system to steer the vessel through icy-waters. The rise in ice-class segment can be primarily attributed to expansion in Russian sea-borne exports from ice-bound regions. Far East Russia's ongoing Sakhalin project, and increasing oil exports from Primorsk (Russian Port) are the pointers towards increasing requirement of ice-class ships.

NYK Shipmanagement opens office in Chennai

Singapore-based NYK Shipmanagement Pte Ltd has opened a crewing office in Chennai and tied-up with Madurai-based R L Institute of Nautical Science to recruit cadets to facilitate recruitment of seafarers and to function as a contact point for the families of the people hired from this region. The idea is to pick up some cadets and give them additional training. Additional pre-sea and post-certificate training would be provided again at NYK.

Kandla Port Trust unveils new godowns

Kandla Port Trust (KPT) has inaugurated the newly constructed godowns at the port site, which will facilitate more cargo storage facility inside the cargo jetty area. Each newly commissioned godown of covered storage area of 6,174 sq mtr is having storage capacity of 22,000 mt. This facility is connected with railway infrastructure. KPT is likely to construct four more similar godowns inside the custom bonded area.

Cochin Port joins club of deep draft ports

The Cochin Port has joined the club of deep draft ports with the completion of the first stage of capital dredging in the channels. The port can now handle mainline vessels requiring drafts of up to 12.5 metres. The stage I of capital dredging work was undertaken at an estimated cost of Rs 33 crore with full budgetary support from the ministry of shipping. It was completed at an actual cost of Rs 24.7 crore. This project involved the deepening of the outer navigational channel of the port from the existing 12.8m to 13.8m, the inner channel up to the Cochin Oil terminal from the existing 12.3m to 13.2m and the basin in front of RGCT from the existing 10m to 13.2m.

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Fresh bids for dredging works in Sethusamudram project

Fresh global bids have been called for executing dredging operations in three sections of Sethusamudram project. The government cancelled the earlier bids. Fresh bids are invited for dredging works in A, B and C blocks. Companies which participated in the earlier bids can also participate in the fresh bid process. Retendering will not affect the project schedule and as per the plan, the dredging work in three blocks are expected to commence on October 1. Dredging Corporation of India (DCI) has been executing the dredging works in the D block. It has completed about 25 per cent of the dredging works in that block. DCI has been entrusted to carry dredging works for 13.55 million cubic metres.

Cruise terminal at Cochin Port

The Cochin Port Trust (CPT) will submit a detailed project report for developing a cruise terminal at the port exclusively for passenger vessel traffic. The terminal will be constructed between Q-5 berth of Eranakulam wharf and the tourists' jetty near the port. Around 150 metre space would be available between Q-5 berth and the jetty. CPT wanted to develop this as a multi-purpose terminal earmarked for passenger traffic and proposed to have several value-added facilities including a duty free shop for the tourists. This would enable CPT to earn more income since a mere passenger terminal will not be a viable proposal at present. On an average, 20 world-class luxury liners including Queen Elizabeth 11 and Legend of the Seas visit Kochi every year.

Visakhapatnam port to lease out land for setting up 3 CFSs

The Visakhapatnam Port has decided to lease out about 56 acres of land for setting up three container freight stations (CFS) in Exim Park on an annual lease basis. The port is expecting about Rs 30 crore investment and a yearly rental income of about Rs 2 crore. Each CFS will require an investment ranging between Rs 8 crore and Rs 10 crore (excluding land cost) depending on the facilities created by the operators. The port has identified three blocks for setting up CFSs. It has decided to allot on nomination basis one of the three plots, measuring 23.20 acres, to Balmer Lawrie & Company. For the allotment of other two plots (each about 16 acres), the port will invite open tenders very shortly. The port will lease out these plots for 30 years and every five years, it will revise the rental rates depending on the market value of the land.

Sical Logistics to raise \$125 million

Sical Logistics Ltd (formerly South India Corporation (Agencies) Ltd) is planning to raise \$125 million for funding coal and iron ore project, container operations, offshore logistics and trucking through a mix of foreign currency convertible bonds (FCCB) and global depository receipts (GDR). The funds will be used for the coal and iron ore terminal project being set up on a build-operate-transfer (BOT) basis at Ennore, the container train operation on all India licence for the JNPT-Delhi and other three sectors-offshore logistics, trucking and for working capital.

Rs 60,000 crore rail freight corridor plan

The Rs 60,000 crore rail freight corridor project, which is supposed to run parallel to the golden quadrilateral (GQ) covering the four metros, would now be covering Ludhiana-Sonnagar in the east and Jawaharlal Nehru Port Trust-Dadri route in the west in its first phase. These routes are considered as future passages for ferrying coal and steel freight while selecting them, as the corridors were being laid exclusively for freight traffic. With a power plant supposed to come up in Punjab, coal traffic in northern India was bound to increase. The project cost would come to around Rs 8 crore per km and hence while selecting the route, the possibility of expecting returns was also significant.

New Mangalore Port

The deep draught multipurpose general cargo berth, which became operational recently, is the 14th at the New Mangalore port and can handle ships of up to 30,000 DWT. With the commissioning of the deep-draught multipurpose general cargo berth, the port expects to increase its handling capacity by another three million tonnes a year. The new berth will be suitable for handling iron ore fines, coal and fertilisers. The demand for coal in the hinterland has pushed the traffic volumes to considerable levels in the last few years. Built at a cost of Rs 40.82 crore, the deep-draught berth can handle one million tonnes of iron ore cargo with semi-mechanised facility till the third year of operation.

Concor eyes Paradip, Dhamra ports

The authorities of Dhamra port and Paradip port are contemplating to start container operations in a big way. The Master Plan for Dhamra port presupposed construction of four container berths with state-of-the-art handling facilities. In the first phase, the port proposed to construct two berths for handling dry bulk cargo and one for finished steel. Paradip port handles containers at present, but only in small volumes. Concor's assessment of the containerised cargo potential in Orissa will perhaps be clear once a proper marketing survey is done. It is possible that the authorities of both Dhamra and Paradip ports eyeing the new steel plants coming up in the State.

Kandla port expansion plans

As part of its Rs 5,081-cr expansion plans, Kandla port has planned construction of berths, development of a satellite port at Tekra off Tuna, deepening the draught and other port connectivity projects. The port would seek budgetary support to the extent of Rs 768 crore from the Government, while another Rs 2,043 crore would be mobilised through its internal resources. With a sharp rise in container traffic, Kandla port has proposed a container terminal project at a cost of Rs 271 crore, for which it is expecting Government's approval shortly. The proposed satellite port's berthing structure will be a T-shaped jetty into the open sea without having any breakwater. The port will have a back-up area of 8-lakh sq metre, with four shore unloaders and a conveyor support system. If this materialises, Kandla will become the only port in the country with two satellite ports — one at Vadinar and another at Tuna.

Ministry to study National Highway-Vallarpadam link project

According to the Ministry for Shipping, the clearance for National Highway link to the proposed International Container Transshipment Terminal (ICTT) site on Vallarpadam Island would be taken up with the Ministry of Environment and Forests. The four-lane road link will be 17.2-km long and will connect Vallarpadam Island to National Highway No. 47 at a point in suburban Kalamassery. The project is estimated to cost Rs 374 crore.

Kochi port cuts box handling charges

The Cochin Port Trust has announced major reductions in various container handling charges to attract more cargo, especially those that were diverted to neighbouring ports. On reefer export containers, there will be a cost reduction of Rs 2,900 on a 20 feet container and Rs 3,800 in the case of a 40 feet container. On other containers too, there will be reductions on various components ranging from Rs 150 to Rs 300. The Cochin Steamer Agents Association had brought down the cess on house stuffed and de-stuffed containers from Rs 400 to Rs 200 for 20-ft containers and from Rs 600 to Rs 300 for 40-ft containers. The association had also agreed to further bring it down by 50 per cent.