

**Seminar
on
Transloading**
– The Future of Bulk Cargo Handling in India
Friday 18th September 2015 at 10.00 a.m. at Williamson Magor Hall, BCC&I
(6, Netaji Subhas Road, Kolkata – 700001)

Introduction:

The Bengal Chamber of Commerce & Industry (BCC&I), Kolkata is the oldest Chamber of Commerce in India. BCC&I has number of committees like Banking & Finance, Infrastructure, Taxation, Shipping, Energy & Environment, MSME Development, Tourism, Manufacturing, Skill development, IT, etc.

The Shipping Committee of BCC&I is a very active body in all spheres of Shipping, Inland Waterways, Logistics, Ports, Customs matters, etc. Each year, apart from tackling the problems of Shipping Industry, seminars, conferences, workshops, interactive sessions with prominent Personalities etc are organized on important Topics and the outcome of our seminars are sent as suggestions to the concerned Ministries and Authorities of Government of India. Our last seminar was on **Transloading - The Future of Bulk Cargo Handling in India** which was held on the **18th of September 2015 at Kolkata**. We do believe neither a seminar nor a conference on such a subject has ever been held anywhere in India. Our firm belief of a great future of Transloading Operations is based on the importance that The Honourable Shipping Minister, Government of India is giving to the development of Inland Waterways and Coastal Shipping. Our seminar on TRANSLOADING held on 18th September 2015 was of great interest to all the participants, but it was also evident that a lot needs to be done as regards improvement in infrastructure facilities in order to achieve maximum efficiency and benefits.

Objective:

Shipping is a major contributor to India's Economy. Hence our Ports need to regularly upgrade their infrastructure & modernize their equipments for increased efficiency, reduction in costs and vessel turnaround time. India is heavily dependent on Import of Bulk Coal, cost of which is on the rise. This necessitates shipping such bulk commodities in large vessels, most of which are unable to enter our Major Ports due to draft restrictions. Transloading Operation is the solution to handling of Large Bulk Carriers at outer anchorages which brings all round economies of scale. In the Annual Plan for 2015-16, all-India coal demand has been assessed to be 910 mt, against which supplies from indigenous sources have been planned at 699.97 mt, creating a shortfall of 210.03 mt. and thus expected increase in import of Bulk Coal. The objective of the seminar was to highlight the Economies of scale by shipping Bulk Commodities in large Bulk Carriers and undertake Transloading Operations, which gives all round economical benefits. The success of Transloading at Konica Sands / Sandheads has already been a reality for NTPC cargo moving through IWT to Farakka Power Plant and is a live example.

The success of Transloading may ultimately result in other commodities like Fertilizers, Iron Ore, Minerals, etc to shift from Handy-sized vessels to larger vessels to gain financially by the "economies of scale".

TRANSLOADING FACILITIES AT HALDIA DOCK COMPLEX, KOLKATA PORT TRUST

Haldia Dock Complex (HDC), Kolkata Port Trust (KoPT) has a vast economic hinterland comprising major Power & Steel Plants. Both these industries need to regularly Import huge quantities of Thermal & Coking Coal. In anticipation of such large Bulk Cargo imports, KoPT has initiated several actions for upgrading its cargo handling capacity at the existing location of Haldia Dock Complex. In order to ensure materialization of the projected cargo at HDC, while obviating the draft constraints for handling fully laden Mother Vessels, HDC has decided to engage a service provider for creation of transloading facilities at a deep drafted location where round the year transloading operations are possible. The transloading arrangement so envisaged by HDC, would benefit the trade in increasing their cargo throughput at Haldia.

In view of the above issues the Shipping Committee of BCC&I organised a Seminar on 18th September, 2015 where all the Stake holders were involved to deliberate on this important subject. During the seminar the following issues emerged which need to be addressed for successful implementation of the Transloading facility in India, particularly at Haldia:

Transloading should not be considered as a standalone logistics solution. This is part of Blue Economy which will bring in development in the coastal area and result in higher GDP.

1. **Regulatory influence may improve viability of transloading** and in turn increase in Transportation of goods by Coastal Shipping and Inland Waterways. The policy of Government of India should discourage movement of Bulk Cargo by road/rail thereby making Transloading/coastal movement/IWT the more favourable & economical mode of logistics.
2. This option will result in reduction of considerable Capital Dredging and thus costs. Part of such savings in dredging should be passed by Ports to The Trade as inducement to opt for transloading operation, which would ensure financial viability of such Operations. Port should on the PPP Model, encourage setting up Transloading facilities to attract higher bulk traffic in large vessels and thus rationalize overall tariff of Ports.
3. At present there are issues relating to customs permission at mid-sea i.e. Kanika Sands/Sand heads. The customs procedure need to be simplified & streamlined with an objective to reduce their physical presence while mid-sea operation is going on and emphasis to be given for clearance formalities only at the receiving point of cargo inside the port.
4. Transloading Operations will require Mid/Small sized vessels and a huge number of RSV 4 type of Barges. This will encourage commencement of Barge Construction Industries. Banks are not very forthcoming in extending loans to parties interested in investing on Barges. Therefore Government should explore setting up a sinking fund to facilitate entrepreneurs & Barge operators to have access to loans for building Barge Capacity. Needless to mention the huge

requirement of skilled Manpower to operate the numerous Barges both along the coast as well as in Inland Waterways which will increase employment considerably.

5. Transloading appears to be a vital link for coastal movement and upward movement through Inland Waterways. To make this as a composite supply chain, river transport facility along with riverine jetties to be created. Haldia may be considered as hub for IWT to promote river transportation.
6. Railways and IWT may work jointly to decongest existing railway infrastructure and utilize NW1 for promoting inland water transportation.
7. State Governments of West Bengal, Bihar & Uttar Pradesh to be involved in promoting the NW 1 river route for transportation of other types of cargo besides Bulk Coal.
8. Vessel response plan must be in place in order to cater to needs in case of emergency like collision, oil spillage, salvage, etc. Emergency response system must be part of port infrastructure and India has a long way to go in this regard.
9. To explore the potential of bunkering facilities for Mother Vessels at the off shore Anchorages similar to Foreign Countries. Currently Indian ports handle around 27000 – 32000 vessel calls per year in India vis a vis 120,000 bunkering calls at Singapore. Thus there is scope of increased bunkering activity in India.
10. Following policy actions are required to make India an important bunkering port as well:
 - i. Reduced VAT for coastal shipments
 - ii. Documentation: Abolition of requirement of Shipping bill by bunkering company before supply of bunkers to ships.
 - iii. Permitting floating bunkering station (custom bonded) in mid sea to supply bunker to ships at anchorage

11. Successful transloading operators in the world create their own facilities and approach Customers by entering into a long term contract. In this way, the operation becomes viable for both the parties. Whenever an operator is required to work as a sub-contractor of a major port following problems are usually faced:

- a) Common user approach to transloading operation creates sub optimum situation for transloading operator;
- b) Loss of opportunity;
- c) Conflict of interest – ports trying to cover its own interest vis-a-vis maximization of benefit to customer / transloading operator;
- d) Fixation of transloading tariff at lower end by port authority;
- e) Internationally, barges which are used in the range of 4000 – 10000 DWT category, here barges are of around 2000 / 3000 DWT category;
- f) One sided contractual terms in favour of port authority

The Way Forward:

The Indian logistics sector, as elsewhere, comprises the entire inbound and outbound segments of the manufacturing and service supply chains. Maintaining economic growth with existing port/ logistics infrastructure will not be possible. There is huge demand for better port facility & infrastructure. Of late, the logistics infrastructure has received some attention from Business & Industry as well as policy makers. There exist several challenges as well as opportunities for the Indian economy to ensure overall growth of industry with the help of facilitating infrastructures and logistic services. While the above report has focussed primarily on the ongoing Transloading Operations at Konica Sands and Sandheads anchorages, it is equally feasible and applicable at several other Ports in India.
