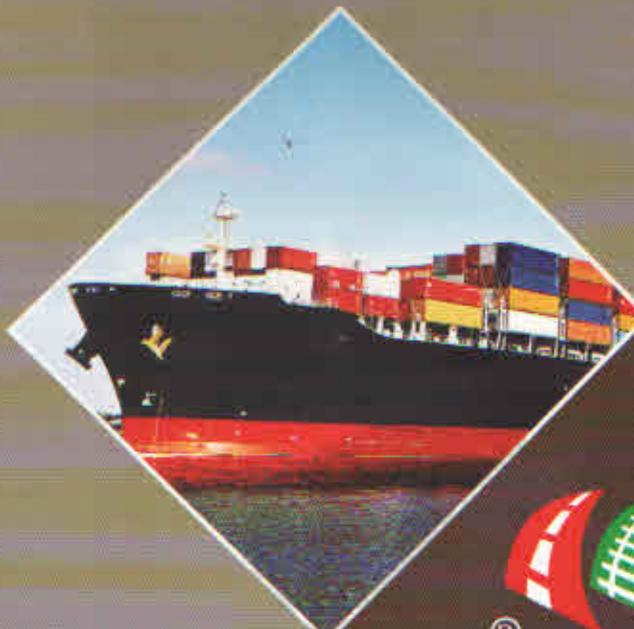


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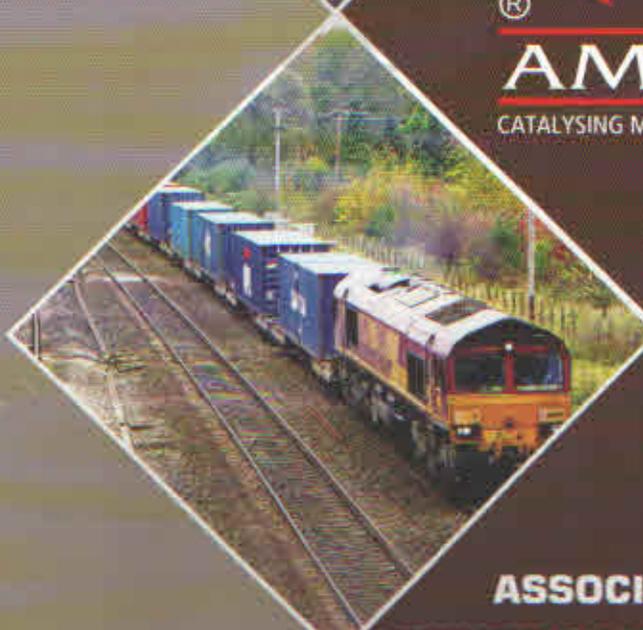
NEWS



®

AMTOI

CATALYSING MULTIMODALISM



**ASSOCIATION OF
MULTIMODAL TRANSPORT
OPERATORS OF INDIA**

AMTOI

AMTOI, The Association of Multimodal Transport Operators of India, was formed with the object of organizing Multimodal Transport Operators at the national level and improving the quality of their services. The members of the Association are Multimodal Transport Operators registered with the Directorate General of Shipping, Mumbai under the Multimodal Transportation of Goods Act, 1993 which also includes some associate members like CFS operators, tank container operators etc.

The Association is a non-profit making body registered under the Indian Companies Act and is managed by the Managing Committee comprising of 7 members elected by the Operator members. The Committee is assisted by a Board of Advisors consisting of the representatives of Government / Public Sector Organizations. Also, it has various trade association representatives on its extended board and is thus likened to an apex body.

As a unique initiative, AMTOI has set up a forum called the Grievance Redressal Forum (GRF). The objective of this Forum is to create a platform for dispute resolution and thereby addressing grievances of the members of the trade.

The Association has a two-tier membership – Ordinary members who are registered as MTOs and Associate members who are not MTOs themselves but who are involved in operations connected with multimodal transport. The Associate members are not eligible for voting rights or contest in the Elections.

The Association from time to time has made suggestions for the consideration of Government and in fact the suggestion for amending the Multimodal Transportation of Goods Act and for adopting other related measures.

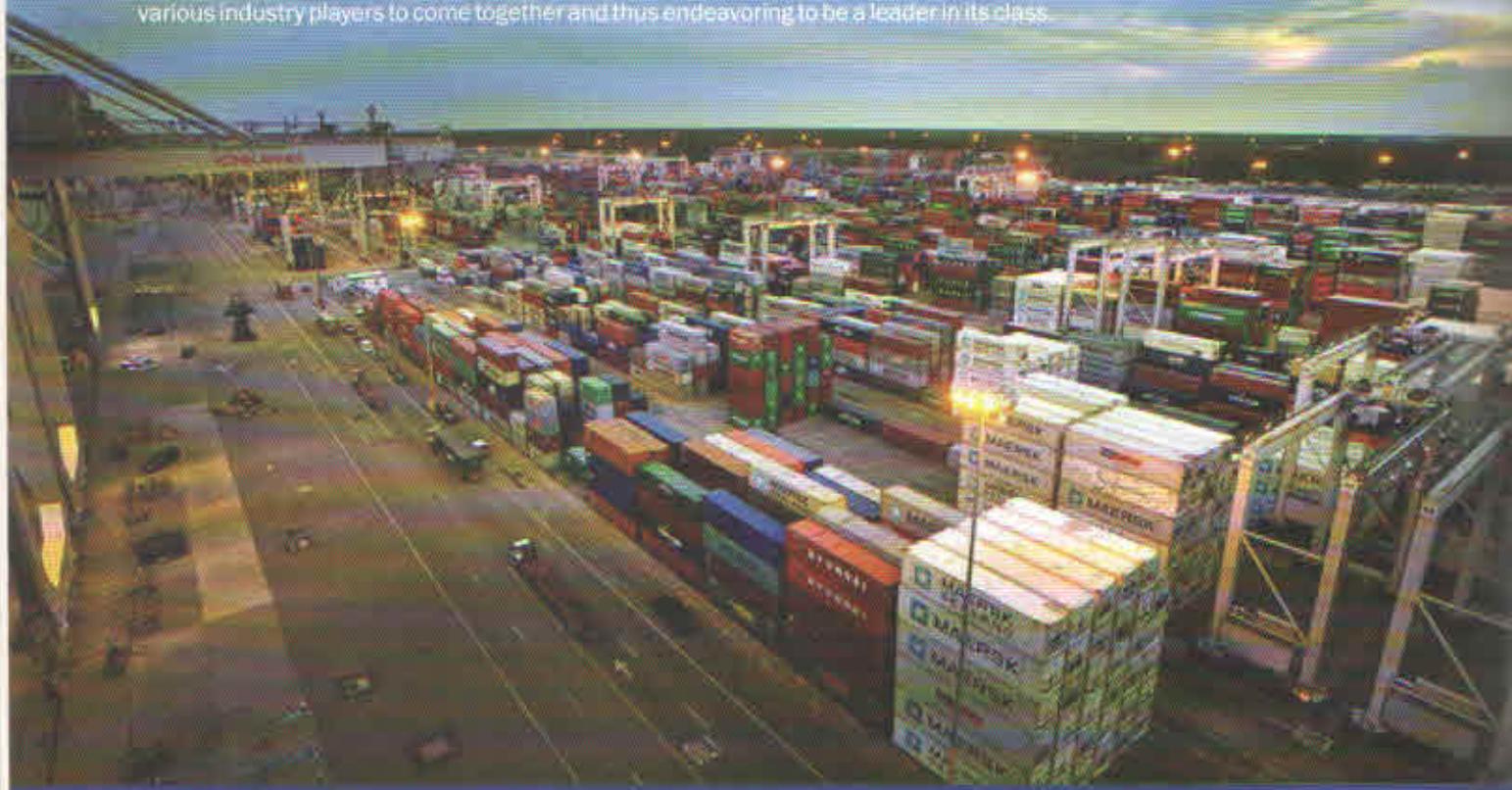
AMTOI has been able to secure representation on Government bodies like the Standing Committee on Promotion of Exports, (SCOPE Shipping and SCOPE Air), Task Force on Multimodal Transport and various other forums of the Ministries of Shipping, Commerce & Finance of the Government of India. The Association is also a member of the International Multimodal Transport Association based in Geneva and has thus acquired international recognition.

For the benefit of its members, regular training courses are conducted by it on tax issues, insurance or other such related subjects.

An awaited event of the year is the MULTIMODAL DAY or an AMTOI DAY which the Association organizes as an 'Annual Day' for the last many years wherein the entire shipping fraternity of Shipping Lines, Ports CFS operators, Freight Forwarders, NVOCC's, CHA's, Airlines, Government authorities in addition to MTO's come together to network and interact with each other under one roof.

Members are kept abreast of the happenings in the industry by MULTIMODAL TIMES or AMTOI Newsletter which is published as a quarterly magazine currently and we hope to graduate into a monthly publication which will attempt to capture critical issues that are close to the industry and along with opinions of the industry leaders.

Lastly, keeping abreast with the advancing technologies, AMTOI continuously improves its website and offers tools for various industry players to come together and thus endeavoring to be a leader in its class.



ASSOCIATION OF
MULTIMODAL TRANSPORT
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ASSOCIATION OF MULTIMODAL TRANSPORT OPERATORS OF INDIA

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Mr. George Abrao,
Hon. Secretary

Mr. R K Rubin,
Managing Committee Member

Ms. Anjali Bhide,
Managing Committee Member

Mr. Vivek Kele,
Ex-Officio

Mr. S Varadarajan,
Special Invitee, Managing Committee Member

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Convenor, Eastern Regional Chapter

Mr. Tarun Sharma,
Convenor, Northern Regional Chapter

Mr. Tushar Jani,
Advisor

Mr. Shashi Tanna,
Advisor

Mr. Xerrxes Master
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Hon. Treasurer

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Mr. Deepak Ramaswamy,
Convenor, Southern Regional Chapter

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Advisor

Mr. Sailesh Bhatia,
Advisor

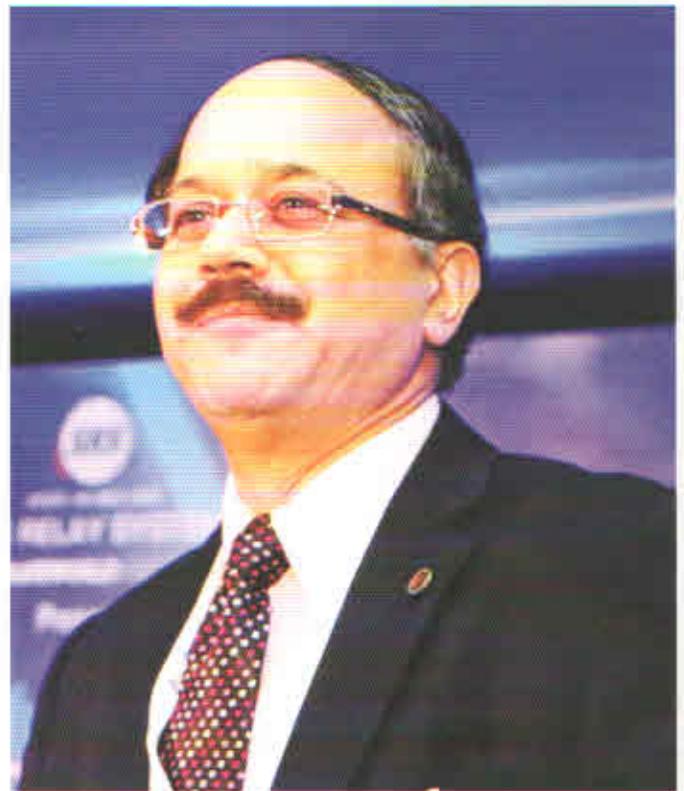
Extended Board Members 2018-2019

- All India Motor Transport Congress
- Association of Container Train Operators
- CFS Association of India
- Coastal Container Transporters Association
- Consolidators Association of India
- Federation of Freight Forwarders Association of India
- Hydraulic Trailer Owners Association
- Indian National Shipowners' Association
- Indian Private Port & Terminals Association
- Maritime Association of Nationwide Shipping Agencies
- The Air Cargo Agents Association of India
- The Container Shipping Lines Association
- Women's International Shipping & Trading Association

From the President's Desk

“Companies preach creativity, hire for conformity and call consultants when they fail, who tell them to be more creative.”

- Richie Norton



Dear members,

At the outset, I take this opportunity to thank you all and the managing committee members of AMTOI for the faith you have reposed in me by bestowing the responsibility of Presidency of AMTOI. I also wish to thank you for the support extended by everyone during my tenure in AMTOI. Thanks to the visionary leadership of the past, AMTOI has, in a relatively short span, grown from strength to strength, and has its imprint in many important segments of our industry. We appreciate the contributions and the commitment of the founders and the predecessors.

The primary objective of AMTOI is to facilitate or catalyse the growth of multimodalism in India. In order to give impetus to this initiative in a concrete manner and to facilitate the Act East Policy of Government of India, earlier this year, AMTOI visited three states, namely Meghalaya, Manipur and Assam. North-east India has great potential to develop trade with its friendly neighbouring countries in the region. Since the government has an ambitious plan of connecting the north-east with the countries in its easterly neighbourhood by road, rail, inland waterways (IWT), coastal shipping and multimodal transport hubs, we see a great potential there for manufacturing, agriculture and trading. If these were to develop, the potential for the growth of international logistics movement will be immense.

Looking ahead, we see the fourth Industrial Revolution, i.e., digitalisation of commerce, to have a great impact on trade and economy. Coupled with factors such as growing number of bilateral and multilateral trade agreements, the impact of digitisation of commerce on international trade will be even greater.

AMTOI has constituted a technical council to empower its members with early access to new technologies. During the course of the year, we will strengthen the regional chapters for greater direct connectivity with the members across the country. We are in touch with national bodies of other countries for creating a platform for greater connectivity of our members with the logistics service providers across borders. By constituting the NVOCC Council and the Liquid Logistics Council, AMTOI will play a key role to these fast-growing segments of the maritime industry.

AMTOI, with the support from the DG Shipping's office, has streamlined the renewal process of the multimodal transport operator (MTO) licenses. AMTOI also extends assistance to the fresh applicants for facilitation of their MTO registration. As businesses are becoming increasingly competitive, and margins getting thinner by the day, efficiency and productivity are at a premium. AMTOI has instituted a study of the industry by a reputed consultancy firm, and will share the report with its members soon.

Traditionally, the chambers of commerce and trade associations have focussed heavily on advocacy on taxation and other governmental matters. AMTOI continues to be active in the advocacy of the goods and services tax (GST). With liberalisation, the relevance of chambers of commerce and trade associations in governmental matters are considerably reduced. For trade bodies to stay relevant to its members, the leaders need to look at both new and emerging challenges. A synopsis of several studies and surveys identifies some of the top challenges as under:

• Leadership

- » Succession
- » Induction
- » Staying Energised
- » Managing Change
- » Lack Of Time - Founder
- » Dependence

• Getting The Right Support

- » Building an 'A' Team
 - Attracting Family Members
 - Attracting Talent Outside Family
 - Staff turnover
- » Good Consultants & Advisors

• Systems and Processes

- » Productivity
- » Monitoring Performance
- » Technology Assimilation
- » Exploding data
- » Customer service

• Budgets and Financial

- » Growing revenues
- » Fund Flow
- » Cash Flow
- » Raising capital
- » Diminishing
 - Profitability
 - Return On Capital

• Making the Business Stand-Out

- » Succession
- » Induction
- » Staying Energised
- » Managing Change
- » Lack Of Time - Founder
- » Dependence

• Uncertainty About The Future

- » Digital Revolution
- » Changing Trade Patterns
- » Preparing Organisation for Uncertainty
- » When And How To Change

“True innovation and disruption happens outside of the accepted playing field, outside of the court, outside of the battleground. Disruption breaches the field and changes the game.”

- Tony Curl

The protection of business, which includes business continuity planning (BCP), and the protection of family, is exceptionally important for businesses and entrepreneurs. AMTOI will launch its Family Business Empowerment initiative for enabling its members to deal with this aspect of business with greater ability.

Coopetition is the act of cooperation between competing companies; businesses that engage in both competition and cooperation are said to be in coopetition. Certain businesses gain an advantage by using a judicious mixture of cooperation with suppliers, customers and firms producing complementary or related products. Coopetition is a type of strategic alliance that is particularly common between software and hardware firms. AMTOI endeavors to create a platform for members for empowering them to meet their top challenges, as also creating a platform for coopetition. As much as AMTOI will continue to focus on its primary objective of growth of multimodalism in India, it will strive to also empower its members to strengthen their businesses. Once again, I thank you all for your support and my gratitude for this opportunity to serve you.

I look forward to a keen engagement with all of you, particularly by means of your active participation in the initiatives lead by our various chapters, councils, wings and sub-committees. It is only by active participation in these various initiatives that membership of AMTOI will prove itself invaluable to you.

Best regards

Shantanu Bhadkamkar
President
AMTOI

An Opportune Moment

As our industry goes through a state of flux resulting in systemic changes, AMTOI is set to play a key role.

At the 19th annual general meeting (AGM) of AMTOI, held on September 5, there was a change of guard, with Mr. Shantanu Bhadkamkar taking over as president, Mr. George Abrao as honorary secretary, Mr. Ravi Gandhi as treasurer and yours truly as vice president.

We definitely do feel a bit overwhelmed as we have big shoes to fill with our predecessors setting a high benchmark of transparency, innovation and clarity of thought. In addition to my role as VP, I also take over the editorial of AMTOI news from Mr. Shantanu Bhadkamkar, and hence, I have even bigger shoes to fill, but I will try not to disappoint you all!

AMTOI news is our outreach to the maritime community, bringing the latest developments in the logistics industry, change in government policies, a highlight of AMTOI's activities as well as updates on its future plans. As the editor, it will be my endeavor to increase the coverage of AMTOI news to a wider spectrum of the industry and note the achievements and milestones of our members. As a fraternity, we must learn to enjoy the success of others.

As our industry goes through a state of flux resulting in systemic changes, AMTOI will play a key role in helping frame government policies, educating members about such changes and how to deal with the same. The Goods and Services Tax (GST) law is an evolving law. It is AMTOI's duty to educate its members on the same. AMTOI has appointed highly qualified legal experts to frame a white paper and suggest any changes.

Today, AMTOI covers the entire spectrum of the logistics industry, and it is not just limited to multimodal transport operators. Its extended board ensures the complete coverage of the industry. It has also taken a lead in a combined body of associations under the name of Federation of Logistics Association of India (FLA) which operates out of our premises.

As the VP, it will be my duty, along with my esteemed colleagues, to ensure that the initiatives conceptualised by our predecessors are carried out to its logical end, thus giving value to our members and the industry at large.

The last AMTOI Day showcased north east India and its potential in logistics and supply chain management. A few of our senior colleagues even visited the north east thereafter for a roadshow which was highly appreciated by one and all.



At the Fédération Internationale des Associations de Transitaires et Assimilés, or International Federation of Freight Forwarders (FIATA) World Congress, AMTOI participated actively, with many of its senior members in attendance and also helped to set up a special programme on the International North South Transport Corridor (INSTC), which will be a game changer for all Indian logistic players.

With the government of India actively investing in Chabahar port in Iran, the potential for the Indian logistics community is immense, but sadly, the large majority are ignorant of the opportunities and challenges faced in this region. This is why AMTOI is actively promoting this model by constant group discussions and programmes on the same.

The current geo-political climate in this region is volatile. Anything can happen at any time. During adversity comes opportunity, and the Indian logistics player should be equipped to take the first-mover advantage. AMTOI is more than an association. It is an institution aimed at protecting the interests of our community and nation at large. Stay tuned to our publications for further updates on AMTOI.

Best Regards,
Xerrxes Master
Vice President
AMTOI

Heritage and Application of Civil and Common Laws

The existing Indian legal system can be said to have a contemporaneous existence, with the advent of the English in India.

Legal systems around the world vary greatly, but they usually follow civil law or common law. With regard to civil law, it is believed the Romans developed civil law around 600 C.E. (Common Era or Christian Era: same as AD; BC is BCE (Before Common Era). Significance: to have religion neutrality), when the emperor Justinian began compiling legal codes. Current civil law codes developed around the Justinian tradition of codifying laws, as opposed to legal rulings.

The civil law tradition developed in continental Europe at the same time and was applied in the colonies of European imperial powers. Spain, China, Japan, Germany, most African nations, all South American nations (except Guyana), and most of Europe follow this system.

The origin of the common law system can be traced back to England, where after the Norman conquest (1066 A.D.), the new ruler of England William I brought about a varied number of governmental reforms. As a consequence, he also overhauled the legal setup of England. William I introduced the system of Eyre, wherein four judges were appointed by the King. Their main function was to review the activities of the county courts and hear cases of appeals. It was used as a tool to centralise control over local courts. Thus, it provided a basis for the development of common law in England and its former colonies. For the most part, the English speaking world operates under common law, viz. USA, England, Australia, Canada and India.

Key Differences between Civil and Common Legal Systems

Civil: Codified statutes and ordinances rule the land. Codes and statutes are designed to cover all eventualities and judges have a more limited role of applying the law to the case in hand. Laws are made by keeping future cases, which may arise, in mind.

Common: Legal system characterised by case laws, which is law developed by judges through decisions of courts, tribunals, and past legal precedents.

Common law systems may refer extensively to statutes, but judicial rulings are considered the most important source of law, allowing judges to proactively contribute to rules. For consistency, courts abide by precedents set by higher courts examining the same issue.

The common law follows the judgment while the codified law precedes it. This law is ever changing as its principles are influenced by the changing conditions and requirements of the society.

Role of Judges and Lawyers

Civil: The judge is usually the main investigator, and the lawyer's role is to advise a client on legal proceedings, write legal pleadings, and help provide favourable evidence to the investigative judge. The judge makes rulings, usually non binding, to third parties. The judge's role is to establish the facts of the case and to apply the provisions of the applicable code. The judge often brings the formal charge. Past judgments are no more than loose guides. The power to judiciary, for law making, is not good. Judges are not law makers. They are just to interpret law. Primary job of a judge is to adjudicate.

Common: The judges are arbitrators between parties presenting arguments, makes rulings and sets precedents. Judges decide matters of law and, where a jury is absent, they also find facts. Most judges rarely inquire extensively into matters before them, instead relying on arguments presented by the parties. The judge often acts as a referee between lawyers, as two lawyers argue their sides of the case. Generally, the judge, and sometimes a jury, listen to both sides to come to a conclusion about the case.

Type of Arguments and Role of Lawyers

Civil: Inquisitorial. Judges, not lawyers, ask questions, and demand evidence. Lawyers present arguments based on the evidence, the court finds.

Common: Adversarial. Lawyers ask questions of witnesses, demand production of evidence, and present cases based on the evidence they have gathered.

Evidence Taking

Civil: Evidence demands are within the sovereign inquisitorial function of the court - not within the lawyers' role.

Common: Widely understood to be a necessary part of the litigants' effective pursuit or defense of a claim. Litigants are given wide latitude in the US and Indian jurisdictions.

Constitution

In civil law, the constitution is generally based on a code of laws, or codes applying to specific areas, like tax law, corporate law, or administrative law.

In common law, this is not always the case. Though not a rule, common law countries may not always follow a constitution or a code of laws.

Indian Legal System

The existing Indian legal system can be said to have a contemporaneous existence, i.e., with the advent of the English in India. During the 1600s, when the enterprising English East India Company forayed into India on the backdrop of trading interests, little did the Indian masses or even their future rulers know they would shape the very foundation of modern Indian society. This transformation led to various developments, including setting up of a new type of judicial system, which was primarily based on the common law system followed in England.

As the East India Company took control of territories, leased to them by the Mughals, for trading purposes, they were given the power to govern all persons belonging to the English government and the company within these territories, according to the English common laws by the Crown.



The application of common law has been overarching in the Indian context; it has been enshrined in the Indian legal system over the space of two centuries by the English to the point that one can't allocate an individual identity to Indian jurisprudence.

It is to be found out that much of the law compiled in codes we have today were primarily derived from the Common Law principles. The basic statutes governing civil and criminal justice are the Indian Penal Code, 1860, Indian Evidence Act, 1872, the Code of Criminal Procedure, 1973 and the Code of Civil Procedure, 1908.



*This article is authored by **Capt. Ashwani K. Jhingan**, MD, Malaxar Shipping and Logistics India Private Limited, Member - Supreme Court Bar Association, Advocate - Mumbai High Court.*

The Container Conundrum

This is the personal musings of a shipping professional who cannot fathom how the industry has managed to get into the situation it is in, today.



Having watched the developments in the container shipping industry with interest over the last two decades or so, I am unable to come to terms with how the container shipping industry has got itself into this over-supply situation.

In my early shipping days at the beginning of the century, I was curious to understand the calculations behind the demand projections and the estimated need to supply tonnage, commensurate to demand.

During interactions with shipping lines in my feeder days, I often came across the top shipping lines at seminars, announcing the

need to go for higher tonnage in pursuit of lower costs per TEU, only possible with the acquisition of larger container vessels. Most in the audience (me included) nodded in agreement often because it came from the big lines and the big lines "knew things."

However, as days passed, I came to realise there was a limit to what one could achieve by just deploying bigger tonnage and often wondered where this would stop. Would it be at 25,000, 30,000 or even 50,000 TEUs?

Post 2008, I often asked executives of the top shipping lines on how this ordering spree would

unfold, given the suppressed demand scenario. The almost condescending response always was the lines knew what they were doing. Some executives at the biggest lines would go to the extent of saying their management could never go wrong in their calculations. This blind faith left me perplexed as to how could I not see what they could? Perhaps, I was way too low down in the pecking order to understand the strategies and unable to comprehend the complexities of the global scenario.

However, as a student of economics, I believe it was a simple case of supply and demand, and supply, as it was being pumped in or under construction, was clearly well beyond the projected demand. Add in the fact there were a fairly large number of vessels laid up and that the excess tonnage simply couldn't be wiped out in a jiffy. This is further complicated by new regulations on ship recycling which do not really help the tonnage scenario.

One of the common explanations dished out was gaining market share and creating capacity which would render small lines incapable of putting up a fight, ultimately leading to several mergers and acquisitions (M&A), which, I admit, has turned out largely true. Shipping today, is a largely oligopolistic market with few shipping lines controlling significant market share. However, you can fight for market share all you want, but, in an asset-heavy industry with asset lifespans of 25-30 years, creation of large capacity has its downsides as you cannot just prune your assets to correct supply demand imbalances.

Now, this excess capacity has come to bite the lines who created it in the first place. The situation has been worsened by state support to create capacity for some lines, throwing a spanner in the works. Impending changes expected in the trade pattern with possible trade wars adds to the uncertainty over how the situation will unfold.

The underlying assumption in this capacity creation was that once the market shares were defined and dominant positions established,



lines would be able to raise freight rates, resulting in profits and happy shareholders. Unfortunately, this scenario is yet to be seen. A decade since the market crash, we are still in a situation where the lines are struggling, even those who are amongst the largest.

So, has the gamble paid off? I am not quite sure. Perhaps the lines have been successful to reduce competition in some measure and reported profits for a few quarters. However, in the process, there have been long-term structural issues which will have its impact on the industry,



*This article is authored by **Santosh Patil**, AVP, Indian Register of Shipping. The views expressed are his own.*

Tech Talk

AMTOI has identified two major challenges when it comes to adoption of technology in logistics.



The logistics industry is going through a rapid phase of technology adoption. The government is pushing for setting up of community platforms where all industry stakeholders can come together and transfer data electronically, thereby reducing costs and saving time on logistics transactions. In order to achieve this, the government has mandated a new service provider to effect these changes. However, many existing logistics companies and their technology service providers have been finding it difficult to adopt the new technology platform.

AMTOI had foreseen and identified this problem and already decided to do something about it. It has identified two major challenges when it comes to adoption of technology in logistics industry, one being that most of the players are small and medium enterprises (SME) and don't have enough funds and competencies to adopt technology. They just don't have the luxury of investing in fancy enterprise resource planning

(ERP) systems, electronic data interchange (EDI) platforms, business intelligence (BI) tools and chief technology officers (CTO) to digitalize their businesses. The second challenge is tech companies have not been able to evolve their solutions at par with other industries due to lack of investments. The above problems can be overcome by bringing all the technology service providers on a single platform, where the following activities may be taken up:

- Discuss latest trends in technology
- Exchange ideas relevant to the Indian context
- Explore opportunities to collaborate rather than compete
- Evolve software as a service (SaaS) models for cost-effective deployment
- Develop interfaces to exchange data
- Develop solutions in pace with statutory requirements
- Develop business models jointly



In order to help the member community, AMTOI successfully conducted a seminar on August 28, 2018, at the Royal Bombay Yacht Club, Colaba, on emerging technologies in the logistics sector with a view to bringing about an awareness of the technological changes sweeping the industry across India. The seminar drew a large section of participants from the shipping and logistics industry. Mr. Nailesh Gandhi, former President, AMTOI, spoke about the need for the creation of a technology council.

Subsequently, Mr. Vivek Kele, chairman of the tech council, introduced the speakers for the evening, namely, Mr. Abhijit Desai, Head of M/s. Portall Systems, Mr. Amar More, CEO of M/s. Kale Logistics Solutions, Mr. Surajit Sarkar, CEO of DMICDC Logistics

Data Services Limited, and Mr. Kadal Amutham, Managing Director of M/s. Solank Power Systems, Chennai. A question and answer session, moderated by Mr. Kele, completed the formal proceedings of the day.



AMTOI HOLDS ITS 19TH AGM

New management was elected for the year ahead. Members completing 25 years of service to the maritime trade were felicitated.



The 19th annual general meeting (AGM) of the Association of Multimodal Transport Operators of India (AMTOI) was held on September 5, 2018, at 1500 hours at the Royal Bombay Yacht Club, Colaba, Mumbai. The event which comprised multiple sessions saw a record crowd of over 100 plus members and guests. The outgoing President, Mr. Nailesh Gandhi gave a very detailed narrative about the achievements of AMTOI during his tenure as President and thanked the managing committee for their unstinting support. Mr. Ravi Gandhi, honorary treasurer, then, presented the audited balance sheet and profit and loss (P&L) accounts for FY17-18. Mr. RK Rubin, the outgoing vice president, gave the vote of thanks.

During the AGM, citations were presented to AMTOI members who had completed 25 years of service to the maritime trade. The following

five members were felicitated.

- M/s. All-Cargo Logistics Limited, Mumbai
- M/s. La Freight lift Private Limited, Chennai
- M/s. Star Freight Private Limited, Mumbai
- M/s. Freight Systems India Private Limited, Mumbai
- M/s. Safe Clearing & Forwarding Private Limited, Mumbai

After a short tea break post the AGM, Mr. Xerrxes Master, honorary secretary, introduced the speakers for the next session. Mr. Rahul Agarwal and Ms. Purna Soni, AVP's from INVEST INDIA, the country's national investment promotion and facilitation agency based in New Delhi, enthralled the audience with their insightful and lucid talk. Dwelling on the winds of change sweeping across





the country in the areas of ease of doing business, and the steady development in manufacturing via the government's Make in India initiative, both speakers highlighted the positive changes in the attitudes of bureaucrats in the corridors of power, which has helped in a number of ground-breaking policy initiatives across various segments of transport and infrastructure.

Thereafter, the next session was on the INSTC (International North South Transport Corridor) conducted by Mr. Xerrxes Master who briefed the audience about this project. He also introduced the speakers for the evening, Mr. Venkataraman, MD, Goodrich Maritime, and Mr. Soheli Kazani, CEO, Interport Impex Private Limited. Both Mr. Venkataraman and Mr. Kazani delivered crisp presentations and briefed the audience about the opportunities available for logistics players from India as a result of the INSTC project, and urged them to grab it before it is too late. With India having invested heavily in developing the Chabahar Port in Iran, the doors are open to Indian businesses to also play a key role in availing the opportunities in the hinterlands of Afghanistan and the Commonwealth of Independent States (CIS), the gentlemen said.

The presentation was followed by a panel discussion comprising Mr. Venkataraman, Mr. Kazani and Mr. Shankar Shinde, MD, Global Express Multilogistics Private Limited. The panel was moderated by Mr. Master.

Post the INSTC talk, a video clip was played that had a recorded message from Shri Suresh Prabhu, union minister for industry and commerce, complimenting AMTOI for its initiatives and service to the logistics industry.

The highlight of the evening was the arrival of Mr. Ravindra Chavan, Maharashtra's Minister for Ports, Information & Technology, Medical and Civil Supplies, who kindly consented to attend the seminar and address the audience. Mr. Shantanu Bhadkamkar welcomed the Minister and requested him to speak to the assembled



gathering. Mr. Chavan thanked the audience and assured them that the government of Maharashtra would address the concerns of the trade to the best extent possible.

The honourable minister was duly felicitated by AMTOI.

Subsequent to his departure, Mr. Nailesh Gandhi, introduced the concept of e-KYC and explained the objective behind the initiative. He invited Ms. Liji Nowal, Director, ODEX India, to address the audience, who gave a very detailed presentation about the need for e-KYC. This is a segment of the blockchain initiative and she spoke about how ODEX would work closely with AMTOI's members to facilitate and implement the same. This was followed by a brief question and answer session.

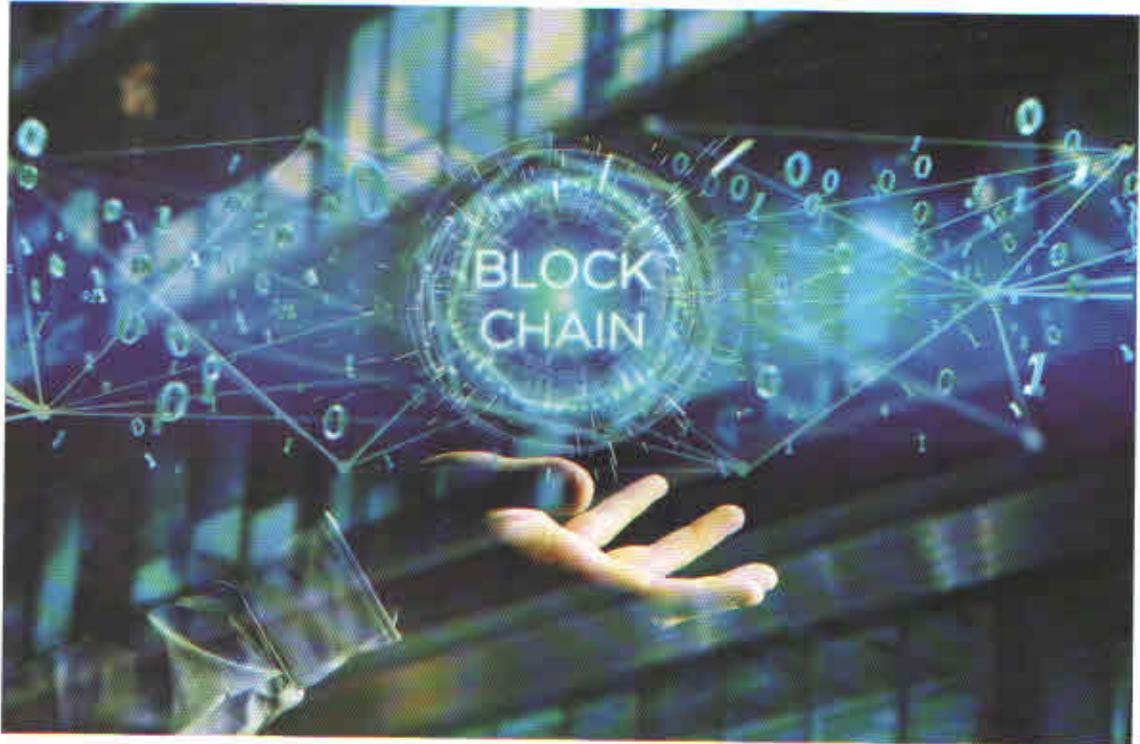
Mr. Bhadkamkar gave the vote of thanks on behalf of the association which was followed by high tea and snacks.

In the subsequent managing committee meeting, the following members were elected to the post of the managing committee of AMTOI for the term 2018-19.

- Mr. Shantanu Bhadkamkar: President
- Mr. Xerrxes Master: Vice President
- Mr. George Abrao: Honorary Secretary
- Mr. Ravindra J Gandhi: Honorary Treasurer

Transforming Logistics

The use of technology in logistics industry has huge advantages, especially for the multi-modal transport operators.



Facilitating and providing efficient and cost-effective solutions for flow of goods, the logistics industry is considered as the backbone of the Indian economy as it supports many other industries. Since the past few years, logistics has been evolving rapidly. It is estimated the industry will continue to show a robust growth of 10-15% annually, leading the pace of growth of the economy at large.

It is also believed much of this growth will be driven by the increased use of technology by the sector. In fact, the rise of e-commerce logistics and increased domestic consumption are already doing their bit in contributing to this growth. Further, the logistics firms are gradually moving from a traditional setup towards the digital world through the integration of newer technologies in their operations to reduce costs, increase operational efficiencies and meet growing service demands.

Tech Trends

Blockchain in logistics is slowly but steadily becoming the game changer. This technology

was primarily meant to be used in the banking sector but is gradually being employed in logistics to ensure visibility of each transaction for every stakeholder. Not just this, the rise and increased adoption of robotics and artificial intelligence in transportation and warehouse management is also redefining the industry by minimising human intervention, enhancing quality and reducing costs.

Digitisation

India's ecosystem has also imbibed the concept of digital transformation initiatives. For instance, the logistics sector has started experimenting with anti-collision devices which are being used to monitor the movement of new-age trucks and alert the driver in case of a possibility of an accident/breakdown.

Additionally, players have begun to make use of digital technologies for predictive analysis wherein a transport operator is able to plan optimum utilisation of its vehicle fleet. Thus, the operator is able to plan in advance about how much cargo load should be kept ready in the hub,

so that its truck does not have to return empty after delivering cargo at a destination. Also, in case, the cargo load in the hub is low, artificial intelligence is leveraged to identify other nearby points for picking up an additional load of cargo.

Multimodal Transport Operators

The use of technology has huge advantages, especially for multimodal transport operators. A pre requisite for service integration is the development of a robust multimodal infrastructure network that enables the use of different modes of transportation to seamlessly transfer cargo. It is to be noted here the transport modes in India, typically operate as isolated entities with a skewed modal mix that relies heavily (about 60%) on the already congested road transport. However, through the use of technology, such a transport network can ensure that the freight is channeled through the most efficient mode for faster, safer, cost-effective and pollution-free movement.

Challenges to Adopting Technology

Some technology vendors to the industry believe multimodal transport operators in India are averse to adopting new trends and technologies as they are quite content with traditional methods they have been employing. This is also because of the fact they are unaware of the benefits these technologies can provide in the longer run. Lack of understanding of complex technologies is another issue that keeps them from adopting new and positive changes.

This results in many challenges like delivery delays and thefts, among others. Also, a single stakeholder visibility across the chain is generally limited to a single part. Sometimes, it is limited to related domains but a complete end-to-end view is possible only through the use of technological platforms. However, says Kushal Nahata, CEO and founder, FarEye, if multimodal transporters adopt a common digital platform, they can ensure a seamless flow of information across various service providers and modes of transport. "Such a platform can also be used to integrate all documentation related to the flow



of cargo, provide cargo visibility through track-and-trace and integrate the chain to invoice and payment points," says Nahata.

He adds while transporters need to be more aware, however, even the authorities have to play an important role in promoting technology adoption and address potential painpoints of various stakeholders.

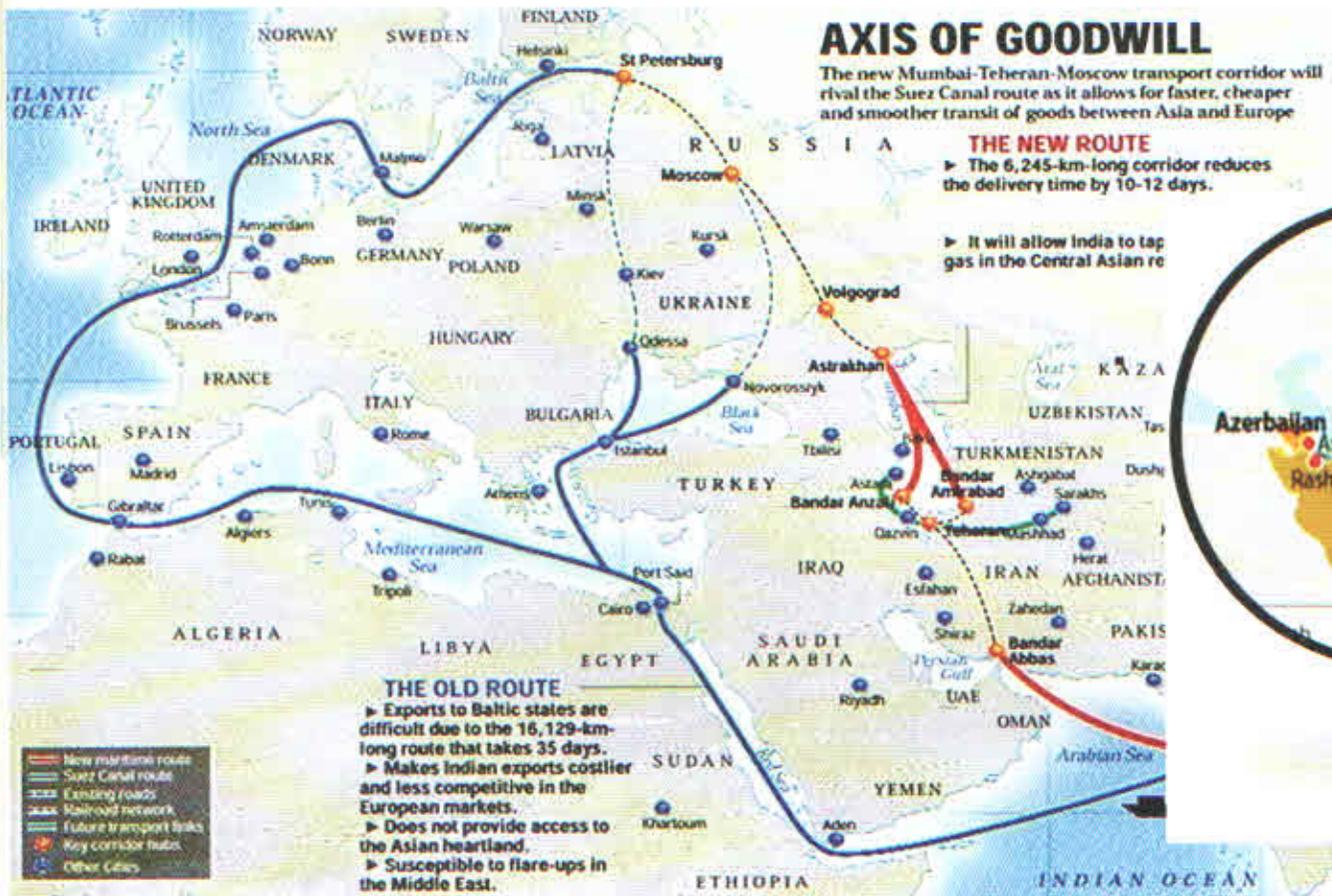
Nonetheless, it is evident in the recent past that the industry at large, as well as the authorities, have made an effort in adopting various measures to increase the use of technology in logistics. According to government officials, freight movement in the country will continue its growth trajectory with an expected annual growth of 8-10% over the next decade.

Bright Future

In the coming years, the government will introduce new policies to provide a fresh impetus to India's growth engine, particularly, to the corporate sector as well as to small and medium enterprises (SME). This, in turn, will boost the demand for logistics. Hence, it is clearly the right time for the logistics, including multimodal transporters, to adopt digitisation and new technology trends to reap these benefits in future.

INSTC: An Opportunity for Freight Forwarders

The full operationalisation of the INSTC could reduce the transportation cost and transit times between India, Russia and CIS countries.



The dissertation on International North-South Transport Corridor (INSTC) connectivity, transport accessibility and ways to address the problems of logistics has started receiving adequate attention from the government. However, the trade's participation is more important. In the current context, India-Russia relations can be termed as strategic in every respect. More importantly, both countries view this relationship as a special, long-term and privileged partnership. Despite this privileged political partnership, economic and trade ties remain the most unsatisfactory part in its overall potentially beneficial relationship. There are many factors which can be attributed to low level

of economic ties between the two countries; but it is equally important to note one of the serious bottlenecks in economic ties is the lack of a contiguous border and therefore the complexity of the logistics of connectivity.

Importance of INSTC

The modern day INSTC is an important initiative taken by Russia-India and Iran to promote transportation cooperation among member states and enhance their connectivity with the landlocked region of Central Asia. The INSTC is a multi-modal, shortest transportation route linking Indian Ocean and Persian Gulf to the Caspian Sea via Iran, and St. Petersburg and

North Europe via Russian Federation. The INSTC envisages movement of goods from Mumbai/Nhava Sheva and other major Indian ports to Bandar Abbas, Iran, by sea, from Bandar Abbas to Bandar-e-Anzali/Amirabad (an Iranian port on the Caspian Sea) by rail or road, from Bandar-e-Anzali to Astrakhan (a Caspian port in the Russian Federation) by ship across the Caspian Sea, and from Astrakhan to other regions of the Russian Federation by Russian railways.

The inter-governmental agreement between India, Iran and Russia was signed in St. Petersburg on September 12, 2000. This agreement was ratified by all the three signatory states and has been in force since May 16, 2002. The main objective, as specified in the agreement, is to increase "the effectiveness of transport ties in order to organise goods and passenger transport along the INSTC and promote "access to the international market through rail, road, sea, river and air transport of the state parties to the agreement"; provide security of travel and safety of goods and harmonise transport policies, law and legislative basis in the field of transport for the purpose of implementing the agreement.

Initially India, Iran and Russia were part of this agreement but over the years, other countries have joined this agreement. The procedure of accession is governed by the Article 10 of the agreement. The INSTC has now expanded to include eleven new members, namely: Republic of Azerbaijan, Republic of Armenia, Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Republic of Turkey, Republic of Ukraine, Republic of Belarus, Oman, Syria, and Bulgaria (as an observer). It also provides Europe access to Asia and vice versa. The Russian network of roads and railroads are connected to Central and Western Europe via Eastern Europe. Iran has land links to Central Asia and its ports offer water sea routes to India.

Some of the important factors that enhance the strategic significance of this route for India are: (a) It provides viable surface transport connectivity with the Eurasian region. The absence of viable surface transport connectivity with the Eurasian region has been a serious impediment to enhance bilateral trade with the Eurasian region. At present, transport of goods between India and the Russian Federation mostly takes place through the sea route via port Novorossiysk or port St. Petersburg and alternately movements through China and then inland. For the Central Asian region, goods are routed through China,

Europe or Iran. (b) The routes through China and Europe are long, expensive and time consuming. Therefore, a need exists to have a logistic route that would be shorter, cheaper and faster. The North South Corridor through Iran is a viable short-term option. Studies show that this route can reduce time and cost of container delivery by 30-40%. As compared to the route through Suez Canal and the Mediterranean Sea that is currently used, INSTC is much shorter and cost effective. The Suez Canal route takes 45-60 days whereas this route takes 25-30 days. In fact, the INSTC is 40% shorter and 30% cheaper. In addition, through this transportation route Indian exports could potentially get a competitive advantage due to lower cost and less delivery time. The full operationalisation of INSTC could cut the transportation cost of goods between India and Russia.

INSTC: Current Status and Future Prospects

The Coordination Council of the INSTC has been meeting to discuss various issues pertaining to this corridor and adopting recommendations made by the experts groups of the INSTC. It was observed that while the number of countries willing to join the corridor has been increasing, the cargo movement along the corridor has not increased. It was noted that there was a problem of imbalance of cargo moving from north to south. The idea of single window operator for better coordination of movement along the corridor was mooted by India and Russia. Iranian side suggested the idea of unit tariff on container-km basis on the entire route, on the line of pricing done in case of east-west corridor linking Kazakhstan to Turkey. During this meeting, it was decided that each member country will nominate one person each from the two expert groups as a nodal person to facilitate better coordination of various activities and resolution of various issues in between the coordination council and expert group meetings.

The countries like Turkmenistan, Uzbekistan, and Kyrgyzstan, who are not members of the INSTC, will extend their support to all the initiatives of INSTC member countries to complete the missing links in the north-south corridor.

India, along with Russia and Azerbaijan, has already initiated the testing the main route of the North South Corridor with an aim of assessing the cost-effectiveness and the possibility of Indian companies using the route for trade with Russia. The recent dry run conducted by the Federation of Freight Forwarders' Association

In India (FFFAI) indicated that there is an existing road network connecting Bandar Abbas and Astara for transporting Indian cargo through the INSTC route. In addition, there is an alternate route connecting Iranian transport networks with Azerbaijan and Turkey for Russian and European markets.

Way Forward

Iran, Russia, Kazakh Railways must ensure smooth supply of wagons and service from major rail stations in Russia and CIS to Bandar Abbas by rail via the new rail link from Inchehborun. The movement from ex-works to Bandar Abbas by rail will also reduce the multiple handling involved. The standard rail rates are around \$0.25 per ton per km. The transit time would vary from five-12 days, depending on the distance upto Bandar Abbas and five days by sea to India. Allowing containers de-stuffing of cargo in customs bonded warehouse to avoid delays in truck turnaround time. Shipping lines / NVOCC / MTO accepting services for Iran, should establish offices or agency at CIS destination for completing destination formalities and accepting empty containers which can be offered for return cargo. Border land crossing customs services should be 24x7 to avoid transit delay, without any limitation of passing number of vehicles on either side. Empanel government-recommended forwarders for offering services on INSTC route to ensure reliability of logistics services. Organise logistics service providers B2B conference for networking. Appoint an embassy official/cell to assist trade and provide support. To formalise and prepare a module to monitor cargo for Russia and CIS countries by issuing INSTC certificates, enabling diversion of this shipment from the traditional route to INSTC; as well as monitor shipment which is being shipped through INSTC. INSTC secretariat needs to create a common IT platform for continuous interaction of its stakeholders and provide updates and solutions through its focal agencies.

Developments

A consortium of Iranian Railways, Azerbaijan Railways and Russian Railways has been formed to provide single-window services. India's accession to TIR convention has eased the customs formalities to honour a single clearance documentation for seamless movement of customs. India has become the 71st country to ratify the United Nations TIR Convention.



TIR stands for Transports Internationaux Routiers (International Road Transport) and is an international harmonised system of customs control that facilitates trade and transport whilst effectively protecting the revenue of each country through which goods are carried.

The convention will help Indian traders to have access to fast, easy, reliable and hassle-free international system for movement of goods by road or multi-modal means across the territories of other contracting parties. Compliance with the convention shall ensure enhanced security in the supply chain as only approved transporters and vehicles are allowed to operate in terms of the convention. As the TIR Carnet represents a guarantee for customs duties and taxes and traffic in transit, there is no need for payment of such taxes and duties en route. The TIR carnet also serves as a customs declaration, and hence it precludes the need to file multiple declarations satisfying national laws of the different transiting countries.

The convention will also facilitate India's national and multilateral connectivity-related initiatives to improve cross-border road transport, and overland trade integration with its neighbours.

Opportunity

There are only few operators and it is an area in which shipping lines don't compete. One can customise the movement as per customer requirements. There are opportunities in container leasing and trading. Door deliveries would be a value-added service, providing last-mile connectivity.

*This article is authored by **Shankar Shinde**. He is MD-Global Express Multilogistics, ECM-FFFAI, President-Nashik Customs House Agents Association and managing committee of Brihanmumbai Custom Broker Association.*

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