OUTLINE OF PRESENTATION

- EXISTING SCENERIO
- CONTAINERISATION IN INDIA
- POST 2006 --PRIVATE CONTAINER TRAIN
- ISSUES WITH PRIVATE CONTAINER TRAIN OPERATORS AND WAY AHEAD
EXISTING SCENERIO

- GLOBALISATION
- GROWTH IN INDIAN ECONOMY -@ 8.5 to 9% IN MEDIUM TERM
- CHANGE IN SECTORAL CONSTITUENT OF INDIAN GDP PUSHING UP LOGISTICS DEMAND.
- GROWTH IN FINISHED PRODUCT
- REDUCTION IN PARCEL SIZE
- COMPETING ALTERNATIVES FOR TRANSPORT
- WORLD OVER THRUST TOWARDS INNOVATION IN INTER-MODAL OPERATION TO REDUCE LOGISTICS COST.
The Dynamics of the Supply Chain

Order Size

Time

Customer Demand

Distributor Orders

Retailer Orders

Production Plan
Worldwide Logistics Costs,
The Changing Business Model

- **5 PL**: E-Business
  - Management of all parties of the supply chain in conjunction with e-Business

- **4 PL**: Supply-Chain-Management
  - Management of the whole supply chain

- **3 PL**: Forwarding / Contract logistics
  - Management of complex service chains

- **2 PL**: Asset-based Logistics
  - Traditional transport and warehouse management

- **1 PL**: Producer
  - Own operating of logistics by the producer
# LOGISTICS COST

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>LOGISTICS COST AS % OF GDP</th>
<th>SHARE OF 3PL IN OVERALL LOGISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDIA</td>
<td>13%</td>
<td>&lt;3%</td>
</tr>
<tr>
<td>USA</td>
<td>9.9%</td>
<td>57%</td>
</tr>
<tr>
<td>EUROPE</td>
<td>10%</td>
<td>30-40%</td>
</tr>
<tr>
<td>JAPAN</td>
<td>11.4%</td>
<td>80%</td>
</tr>
</tbody>
</table>

RAILWAYS ROLE/ INITIATIVE FOR LOGISTICS SUPPORT:

- PREDOMINENTLY AS A 2PL SERVICE PROVIDER – TRANSPORTOR.
- END TO END SERVICE, THROUGH PRIVATE SIDINGS.
- VISIBILITY OF CARGO THROUGH FOIS.
- CONCOR A PSU OF IR, MOVING ABOUT 20% OF EXIM TRAFFIC AND ESTABLISHED A CHAIN OF ICDS/TERMINALS.
- LICENSE TO PRIVATE OPERATORS FOR CONTAINER TRAIN TRANSPORTATION.
- PRIVATE PARTICIPATION IN TERMINAL FACILITIES THROUGH RAILSIDE WAREHOUSES, BULK TERMINAL, PFT, AUTO LOGISTICS HUB, ETC.
- PRIVATE PARTICIPATION IN SPECIAL PURPOSE WAGONS.
EXISTING SCENERIO

• COAL, IRON ORE, RMSP, IRON & STEEL, POL, FERTILISER, CEMENT, FOOD GRAIN CONTRIBUTES FOR 89% OF TOTAL TRAFFIC OF IR.
• FOR THIS COMMODITY GROUP, RAIL SHARE IS 55.4%.
• SHARE OF THESE COMMODITIES IN TOTAL TRANSPORT 53.9% ONLY.
• SHARE OF OTHER GOODS INCLUDING CONTAINER REMAINED MORE OR LESS STATIC AT 11.5% IN 1991 AND 11.7% IN 2011. EXCLUDING CONTAINER OTHER GOODS SHARE WAS ONLY 7.7%.
• IN ABSOLUTE TERM OTHER GOODS TRAFFIC INCREASED FROM 36.6 MILLION TONNES IN 1990 TO 70.96 MILLION TONNES IN 2011.
EXISTING SCENERIO

• IN ORIGINATING FREIGHT, RAIL SHARE DECLINED FROM 89% IN 1950-51 TO 30.1% IN 2007-08. DURING THE PERIOD, ROAD SHARE GREW FROM 11% TO 61%.

• IN TOTAL TRANSPORT (NTKM), RAIL SHARE 36% AND ROAD SHARE 50% +.

• WHERE R WE HEADING?
OPTIONS FOR CONSOLIDATION

- PIECEMEAL MOVEMENT
- INTERMODAL - CONTAINER
- PARCEL TRAFFIC
- RO-RO, ROAD RAILER
1956 - FIRST MARIEN CONTAINER BY TRUCKING ENTREPRENEUR MALCOM MCLEAN IN US

1966 – FIRST TRAIN CARRYING IRS CONTAINERS MOVED BY IR

1972 – FIRST ISO CONTAINER LANDS AT INDIAN PORT

1981 – FIRST ICD ESTABLISHED BY IR

1988 – CONCOR INCORPORATED

2006 – DOUBLE STACK CONTAINER TRAIN INTRODUCED ON IR.

2007 – CONCESSION AGREEMENT SIGNED.
CONTAINERISATION: ADVANTAGES

- INTER-MODAL COMPATIBILITY—CAN BE LOADED ON TRAILERS, RAIL WAGONS, SHIPS & BARGES.
- OPTIMUM-COST, FASTER TRANSIT.
- THROUGH LIABILITY POSSIBLE.
- LOWER RISK OF LOSS, PILFERAGE AND DAMAGE TO THE CARGO.
- DOOR TO DOOR SERVICE.
CONTAINERISATION: ADVANTAGES

- MANAGING & MONITORING EASY.
- EASE IN TRANSHIPMENT.
- BEST SUITED FOR CONSOLIDATION
- CAN BE USED FOR STORAGE OF CARGO.
- BETTER SECURITY.
Port Traffic of India (in 000 TEU)

Thousands

- 2006-07: 6,236
- 2007-08: 7,462
- 2008-09: 7,551
- 2009-10: 8061
- 2010-11: 9,110
EXIM TRAFFIC

- Post 1991, growth in EXIM container traffic is about 2.1 times of the GDP.
- Growth of 15% per annum projects container traffic at 37.5 million TEU in 2019-20.
- With 30% rail share, more than 11 million TEU in 2019-20, 360 single stack trains per day.
CRYSTAL BALL GAZING ......

- **STRONG GROWTH IN PORT TRAFFIC**
  - 9.1 MIL TEUs -> 14 M. TEU---?
  - China --- 170 M. TEUS, SINGAPORE---28.4 M. TEU
- **INCREASING CONTAINERISATION**
  - 40% -> 55%
- **GREATER HINTERLAND PENETRATION THROUGH RAIL**
  - 21% -> 40%
- **CONTAINERISABLE DOMESTIC TRAFFIC**
  - MORE THAN 400 MT \(\rightarrow\) 600 MT ?

...
Region wise Traffic Share

REGION SHARE OF EXIM TRAFFIC

% SHARE

- 5.00 10.00 15.00 20.00 25.00 30.00 35.00 40.00 45.00 50.00

REGION

ER 7.39 SR 25.71 WR 47.88 NWR 19.02

Region Share of Exim Traffic
ELEMENTS OF HINTERLAND CONNECTIVITY

- PORT INFRASTRUCTURE
- HINTERLAND INFRASTRUCTURE
- PORT-HINTERLAND CONNECTIVITY
PORT INFRASTRUCTURE

- QUAY SIDE INFRASTRUCTURE
- LAND SIDE INFRASTRUCTURE

- DRAFT AT THE PORT - SIZE OF VESSEL.
- NUMBER OF BERTHS - PRE-BERTHING DELAYS.
- HANDLING CRANES - NUMBER OF MOVES.
- SECURITY: SCANNING ARRANGEMENTS
- HINTERLAND CONNECTIVITY - RAIL / ROAD / INLAND WATERWAY.
- CFS FACILITY: STUFFING/DE-STUFFING, WAREHOUSING, RE-PACKING FACILITY.
PORT INFRASTRUCTURE

- NEW PORTS AND TERMINALS WITH PUBLIC PRIVATE PARTICIPATION.

- MAJOR PORTS AND MDPT, PPBR ARE EXPECTED TO ADD ADDITIONAL CAPACITY OF ABOUT 10 MILLION TEUS DURING NEXT FOUR YEARS.

- DEMAND FOR ADDITIONAL CAPACITY AT JNPORT.
HINTERLAND INFRASTRUCTURE

INLAND CONTAINER DEPOTS

- CUSTOM BONDED AREA PROVIDING AN ALTERNATIVE FOR PORT SIDE CFS NEAR TO TRADE WITH COMPLETE LOGISTICS SOLUTION.

- THE ICD PROVIDES FACILITIES FOR:
  - CUSTOMS FORMALITIES & DOCUMENTATION
  - STORAGE OF CARGO AND CONTAINERS.
  - LCL CONSOLIDATION & AGGREGATION/DIS-AGGREGATION OF CARGO.
  - SPECIALISED WARE HOUSES.
  - HANDLING OF CONTAINERS.
  - TRANSPORT FACILITY.

- RECEIPT OF BILL OF LADING AT THE TERMINAL AND HENCE FASTER REALIZATION OF MONEY.
HINTERLAND INFRASTRUCTURE

CONCOR’S TERMINAL NETWORK
FROM 7 TERMINALS IN 1989 TO 59 IN 2010.

- COMBINED: 32
- PURE EXIM: 18
- PURE DOMESTIC: 09

PRIVATE OPERATORS HAVE ADDED ANOTHER NINE TERMINALS.

GOODS SHED HAVE BEEN PERMITTED FOR HANDLING CONTAINER TRAFFIC.
<table>
<thead>
<tr>
<th>Region</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern India</td>
<td>24</td>
</tr>
<tr>
<td>Southern India</td>
<td>10</td>
</tr>
<tr>
<td>Western India</td>
<td>15</td>
</tr>
<tr>
<td>Eastern India</td>
<td>09</td>
</tr>
<tr>
<td>Central India</td>
<td>09</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>67</strong></td>
</tr>
</tbody>
</table>
PORT HINTERLAND CONNECTIVITY

- RAIL
- ROAD
- SEA (SHORT SEA BRIDGING)/INLAND WATER WAYS
RAIL CONNECTIVITY

- Concor originates about 47 Exim and 15 Domestic trains per day.
- Other operators add about 17 trains per day.
- 90% of train carrying Exim containers are run for Western/North Western sector.
- Rail evacuation share in total traffic varies from about 10% to 27% in different ports.
- Double stack container trains to Pipavav and Mundra ports.
- Average speed of international container trains: 25 KMS./HR
- Long haul container train
INTERMODAL- ISSUE

• INDIA RANKED 47TH AMONG 155 COUNTRIES IN WORLD BANK’S LOGISTICS PERFORMANCE INDEX (LPI) SURVEY 2010, DOWN FROM 39TH IN THE 2007.

• IMBALANCE IN THROUGHPUT ACROSS VARIOUS MODES.

• CHALLENGES ARISING OUT OF INADEQUACY OF CAPACITY:
  - INADEQUATE STORAGE/HANDLING CAPACITY OF TERMINALS.
  - INFRASTRUCTURAL INADEQUACY AFFECTING EVACUATION.

• CHALLENGES IN DATA INTERCHANGE RESULTING IN DELAYS IN CARGO CLEARANCE.
  - LACK OF EDI LINKAGES AMONG TERMINALS ALONG LINKAGE WITH CUSTOMS.
  - DEFICIENCIES IN CARGO VISIBILITY.
INTERMODAL- ISSUE

- TECHNOLOGICAL DEFICIENCIES AT TERMINALS.
  - INAPPROPRIATE/INADEQUATE HANDLING EQUIPMENT

- LOGISTICS QUALITY RELATED CHALLENGES
  - ABSENCE OF BENCHMARKS FOR PRODUCTIVITY OF TERMINALS.
  - LACK OF INTEGRATED PERFORMANCE PARAMETERS/BENCHMARKS FOR TRANSPORT CHAINS.
GOVERNMENT’s INITIATIVES

- ENTRY OF PRIVATE PLAYERS IN RAIL MOVEMENT OF CONTAINERISED CARGO.
- PORT SECTOR IS EXPECTED TO ADD ADDITIONAL CAPACITY OF ABOUT 9.5 MILLION TEU IN NEXT FOUR YEAR.
- STRENGTHENING ROAD AND RAIL CONNECTIVITY BETWEEN PORT AND HINTERLAND.
- SIMPLIFICATION IN CUSTOM PROCEDURES, EDI CONNECTIVITY.
- DEDICATED RAIL FREIGHT CORRIDOR PROJECT.
A policy was launched in 1994. But the policy did not take off. CWC and PRCL applied later but their licences did not materialise. In Railway Budget 2005-06, it was announced that a policy will be formulated to allow container operations to parties other than Concor. The policy was announced in 2006. Total Rs 640 crore was collected as license fees.
POLICY FOR PRIVATE CONTAINER TRAIN OPERATORS

CONCESSION AGREEMENT - BASIC CONTOURS

- VARIOUS ROUTES ON IR NETWORK GROUPED INTO 4 CATEGORIES
- NON-REFUNDABLE REGISTRATION FEE RS 10 & 50 CR.
- VALIDITY OF CONCESSION FOR 20 YEARS; EXTENDABLE BY 10 YEARS
- ROLLING STOCK, LOADING/UNLOADING, TERMINALS - OPERATORS’ RESPONSIBILITY
- OPERATORS FREE TO DECIDE PUBLIC TARIFFS
POLICY FOR PRIVATE CONTAINER TRAIN OPERATORS

CONCESSION AGREEMENT - BASIC CONTOURS

BEST INTERNATIONAL PRACTICES

- BANKABLE
- LEVEL PLAYING FIELD
- ADEQUATE SAFEGUARDS FOR OPERATORS
- FAIR
- COMPREHENSIVE
POLICY FOR PRIVATE CONTAINER TRAIN OPERATORS

- AGREEMENT SIGNED WITH 16 PARTIES
- COMMENCEMENT OF OPERATIONS BY ALL OPERATORS BUT ACTIVE OPERATION BY 13 OPERATORS.
- 121 RAKES PROCURED BY OPERATORS OTHER THAN CONCOR
- 9 PRIVATELY OPERATED ICDS/TERMINALS IN OPERATION
- LAND PROCURED FOR ICDS/TERMINALS AT MANY LOCATIONS.
- ABOUT RS 3000 CR INVESTMENT BY PRIVATE OPERATORS
EXPECTATION FROM PRIVATE CONTAINER TRAIN OPERATORS

- Quantum growth in rail-borne container traffic; specially in domestic volumes
- Service improvement due to commitments made by railways in concession agreement
- Competitive rail freight charges to benefit shippers/customers
- Faster development of infrastructure
THE REVENUE SCENARIO OF IR
2009-10

- TOTAL FREIGHT REVENUE RS. 57595 CR.
- REVENUE FROM PRIVATE OPERATORS RS. 734CR
- REVENUE FROM CONCOR RS. 2127 CRS.
- REVENUE FROM CONTAINER TRAFFIC RS. 2861 CRS.
- TOTAL FREIGHT TRAFFIC 887.89 MT
- TOTAL CONTAINER TRAFFIC 34.95 MT

CONTAINER TRAFFIC IS 3.93% OF ORIGINATING TRAFFIC CONTRIBUTING 4.6% EARNING OF IR.
EMERGING TREND IN CONTAINER MOVEMENT

POSITIVE DEVELOPMENT:

- INDUCTION OF ADDITIONAL RAKES.
- CREATION OF TERMINALS
- CONCEPT OF
  - LOGISTIC PARKS THAN SIMPLE WARE HOUSE.
  - VALUE ADDED SERVICES
  - DEMAND AND EFFORTS FOR END LOGISTICS
  - DEVELOPMENT OF COASTAL BRIDGING
EMERGING TREND IN CONTAINER MOVEMENT

RAILWAYS SUPPORT:

- OPENING OF RAILWAY GOODS SHED FOR PRIVATE OPERATORS
- ACCESS TO PRIVATE SIDING
- C&W EXAMINATION IN RAILWAY YARD.
- POLICY ON PRIVATE FREIGHT TERMINALS
EMERGING TRENDS IN CONTAINER MOVEMENT

AREA OF CONCERN

- ENTRY OF 16 NEW PLAYERS, PRESSURE ON LAND AVAILABILITY—LAND PRICES HAS GONE UP.
- SPLITTING OF CARGO—
  - INCREASED IMBALANCE,
  - EMPTY RUNNING OR IDLING OF ASSETS
  - MIXED TRAINS AT THE PORTS
- PRESSURE ON PORT—RAILWAYS NETWORK.
- PROLIFERATION OF PORT SIDE CFSs TO AVOID IMBALANCE AND COST ADVANTAGES.
PPP IN CONTAINER TRAFFIC

ISSUE NEEDS TO BE ADDRESSED

- OPERATIONAL ISSUES- PRIORITY, TRANSIT TIME, STABLING
- TRAIN EXAMINATION- TERMINAL , ENROUTE DETACHMENTS, ROH-POH CAPACITY
- COMMERCIAL ISSUES- STREAMLINING OF PROCEDURE
  - FOR REFUND
  - STABLING CHARGES
  - BV CHARGES
  - HUB & SPOKE
  - HAULAGE RATE POLICY, RC-5
  - WEIGHMENT
- TERMINAL CONSTRAINTS
- DIVERSION OF CONVENTIONAL RAIL TRAFFIC.
Container Transport Costs

- Ships: 23%
- Containers: 25%
- Terminals: 21%
- Inland Transport: 18%
- Other: 13%
PPP IN CONTAINER TRAFFIC

ISSUE NEEDS TO BE ADDRESSED

- LACK OF UNDERSTANDING IN RELATIONSHIP BETWEEN RAILWAY AND CTOS
- IGNORANCE OF FIELD STAFF/OFFICIALS ON PROCEDURE
- INCREASING MISTRUST.
- INCREASING COMPLAINTS
- CHANCES OF LITIGATION

IS PPP WORKING?
CONTAINER- WAY AHEAD

ACTION FOR CENTRAL GOVT

- FOCUS SHIFT TOWARDS INTEGRATED TRANSPORT NETWORKS.
- PROMOTION OF ENERGY EFFICIENT SYSTEMS CONSIDERING ITS SOCIAL IMPACT
- RATIONALISATION OF LAWS RELATING TO VARIOUS TAX INCLUDING VAT AND SERVICE TAX
- FORMULATION OF HARMONISED LIABILITY REGIME.
CONTAINER- WAY AHEAD

ACTION FOR CENTRAL GOVT

- Discourage long distance road bridging of containers by customs.
- Single window clearance for terminal set up.
- A central authority to manage EDI network for the multimodal sector providing access to users across all sectors of transport.
- Standardization of documents and formats.
CONTAINER- WAY AHEAD

ACTION FOR IR

• RAIL INFRASTRUCTURE AUGMENTATION
  • DOUBLE STACK CONTAINER TRAINS
  • RAIL PORT CONNECTIVITY

• PAPERLESS TRANSACTION AND EDI WITH MAJOR USER.

• BENCHMARK FOR SERVICE PERFORMANCE

• APPROPRIATE PRICING POLICY

• RELAXATION IN MMD

• HIGHER AXLE LOAD

• SINGLE WINDOW CLEARANCE

• SEPARATE DEDICATED AGENCY FOR TERMINAL MANAGEMENT - LOGISTIC CORPORATION
CONTAINER- WAY AHEAD

ACTION FOR IR

- ATTITUDINAL CHANGE IN OUR APPROACH
- CLEARITY IN OUR INSTRUCTION AND IMPLEMENTATION
- EDUCATING STAFF AND OFFICERS- NEED TO GO THROUGH PROVISIONS OF CONCESSION AGREEMENT AND VARIOUS INSTRUCTIONS
- APPROPRIATE GRIVENCE REDRESSAL MECHANISM
- SUPPLEMENT CTOS EFFORTS IN DIVERSION OF TRAFFIC FROM ROAD TO RAIL.
CONTAINER- WAY AHEAD

CERTAIN Dos FOR DIVISIONS

- NOMINATE ONE OFFICER AS NODAL OFFICER FOR DEALING WITH CTOs.
- ENSURE RUNNING OF TRAINS AS PER LICENSE OF OPERATOR.
- COMMODITY RESTRICTION SHOULD BE STRICTLY FOLLOWED.
- ENSURE 100% WEIGHMENT OF CONTAINER TRAINS.
- CASES OF FREQUENT COMPLAINTS AGAINST A TERMINAL OR AN INDIVIDUAL SHOULD BE THROUGHLY INVESTIGATED.
- IDENTIFY YARDS OR TERMINALS FOR STABLING OF TRAINS.
CONTAINER- WAY AHEAD

CERTAIN Dos FOR DIVISIONS

- FREQUENT CASES OF LONGER HANDLING TIME OR BLOCKAGE OF SIDING SHOULD BE TAKEN UP WITH THE RESPECTIVE OPERATORS.
- ENSURE PROPER SYSTEM OF DOCUMENTATION FOR STABLING, MOVEMENT, CORRESPONDENCE etc.
- PRESCRIBE SYSTEM OF INFORMATION EXCHANGE BETWEEN RAILWAYS AND CTOs
- DELAY IN PROVISION OF LOCOMOTIVES ATTRACTS PENALTY. SUCH CASES SHOULD BE IDEALLY ZERO. ANY CASE ARISING SHOULD BE THROUGHLY INVESTIGATED AND ACTION SHOULD BE TAKEN TO AVOID RECURRENCE.
- CLEARANCE OF ENROUTE DETACHED BLC UNITS WAGONS.
Containership
40-Foot Containers
OPEN TOP CONTAINERS
Refrigerated Container
Tank Containers
Double stacked Containers on Rail