

**PRESENTATION
ON
VIABILITY & PROFITABILITY OF
DRY PORTS**

BY

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INFRASTRUCTURE SECTORS

- ✘ Growing Economy – BRIC
- ✘ Indian GDP growth:

2008-09	6.7%
2009-10	7.4%
2010-11	9.3%
2011-12	6.2%
2012-13	5.0%
- ✘ Infrastructure Key to GDP growth
- ✘ Sectors
 - Sea Ports & Dry Ports
 - Airports
 - Railways
 - Roads & Expressways
 - Telecommunication

INDIAN PORTS

- ✘ 7,516 km of long coast line
- ✘ 13 Major Ports (74 % Cargo)
 - + Government Ports
 - + Govt. Ports under Public Private Partnership
 - + Private Port
- ✘ 187 Minor & Intermediate Ports (26% Cargo)
- ✘ Maritime Transport falls under “Concurrent List” in Federal Constitution
 - + Major Ports - Central Government
 - + Minor & Intermediary Ports - 9 State Govt.

CARGO HANDLED

(2009 - 2010)

- ✘ Cargo Handled by all Indian Ports - 561 million tons
- ✘ Increase over Previous Year - 5.74 %
- ✘ Expected Growth until 2013-14 - 7.7%
- ✘ Containerised Cargo - 6.86 million TEUs
- ✘ Increase over Previous Year - 4.25 %
- ✘ Container Traffic handled at Mumbai - 60%

BASIC FEATURES OF A PORT

- ✘ Draft of 12 to 15 metres
- ✘ Quay Length of about 600 metres
- ✘ Loading Unloading Facility for the Cargo from the Ships
- ✘ Customs Clearance
- ✘ Cargo Handling for Despatch from and to Hinterland
- ✘ Connectivity through Rail and Road
- ✘ Integrated Facilities Developed by Upcoming Ports
 - ICTT at Vallarpadam, Cochin

CONCEPT OF DRY PORT

- ✘ Often Called Inland Port or Multimodal Logistic Centre
- ✘ An Inland Terminal Connected to Sea Port by Rail or Road
- ✘ Transshipment Point in Transport of Export & Import of Goods
- ✘ Offers Facilities Similar to Seaport Except that It is Not Near a Sea

NEED FOR DRY PORT

- ✘ Employed to Relieve Sea Port of Some Workload and Congestion
- ✘ Basically Applicable to Container Cargo
- ✘ Facilitates Seamless Movement of Container Cargo
- ✘ It Is an Important Link between Hinter Land and Sea Port for Import and Export of Container Cargo

FACILITIES AT DRY PORT

- ✘ Container Yards – Stuffing & Destuffing of Container, Palletisation of Cargo
- ✘ Customs Clearance
- ✘ Warehouses – General Cargo, Bonded Cargo
- ✘ Railway Siding
- ✘ Cargo Handling Facility
- ✘ Road Transportation Facilities for Short Distance Movements

CONTAINER CORPORATION OF INDIA

- ✘ Established in 1988 with Share Capital of Rs. 650 million as Government Company
- ✘ Currently 37% Disinvested to Public and 63% Held by Central Government
- ✘ Container Cargo Movement Opened to Private Sector during Yr 2006
- ✘ About 13 Players are Operating in the Competitive Field
- ✘ Extent of Containerisation Yet Low Compared to International Yardstick – likely to Increase from 35% to 70%

OPERATING PARAMETERS YR. 2012-13

- ✘ Exim Handling : 2,152,034 TEUs (+ 0.75%)
- ✘ Tonnage in Exim : 24.49 mt (10.56%)
- ✘ Domestic Handling : 433,652 TEUs
- ✘ Growth in Domestic : (-) 7.4%
- ✘ Market Share : 77%
- ✘ Hub & Spoke Policy






FINANCIALS OF CONCOR YR. 2012-13

(Figures in Millions of Rs.)

- ✘ Equity Capital Rs 1,300 (Debt – Nil)
- ✘ Net Worth Rs. 6,281
- ✘ Market Capitalisation 124,110
- ✘ Annual Turnover Rs. Rs.47,434
- ✘ Net Profit Rs. 9,400
- ✘ Earning Per Share 72.32

NETWORK OF CONCOR'S TERMINAL



-  Exim Terminals
-  Domestic Terminals
-  Combined Terminals
-  Container Handling Ports
-  Future Terminals

Not to scale

This is a Guide Map only. It has no correctness with State boundaries.

INFRASTRUCTURAL FACILITY

- ✘ International and Domestic Cargo
 - + Exim Handling
 - + Domestic Handling
- ✘ 61 ICDs All Over India
- ✘ Container Handling Equipments – Reach Stackers (Owned & Hired)
- ✘ High Speed Wagons
- ✘ Containers (Owned & Leased)
- ✘ Dedicated Train Services

CONCEPT OF COST CENTRE

- ✘ Each ICD to be a Cost Centre
 - + Analysis of Operating Cost, Earnings & Margin
 - + Principles of Apportionment of Cost
 - + Sharing of Earnings
 - + Profitability of Terminal
- ✘ Margin Segment wise
 - + International
 - + Domestic
- ✘ Margin Activity Wise
 - + Rail Transportation
 - + Ware Housing
 - + Handling

INVESTMENT DECISION

- ✘ Capital Investment to be financial Viable
- ✘ Techniques Used – IRR, PVR using DCF Technique
- ✘ New ICD
- ✘ New Ventures – Air Cargo, Coastal Shipping
- ✘ Other Types of Investment
 - + Investments in Rolling Stock
 - + Improvements in Yard Facilities
 - + Warehouses

BUSINESS DEVELOPMENT ENDEAVOURS

- ✘ Business Development through Joint Ventures
- ✘ 13 Container Freight Station Developed in JVs
- ✘ CHA (Customs House Agent)
- ✘ Role of Shipping Lines
- ✘ IT Enablement to Develop Integrated System of Communication
- ✘ Automation

ISSUES FOR DEVELOPMENT OF ICD

- ✘ Capital Intensive
- ✘ Long Gestation Period
- ✘ Land Being Scarce
- ✘ Operational Factors
 - + Balancing of Export and Import for Running Full Load Trains
 - + Availability of Empties
 - + Stabling of Rakes
- ✘ Demand & Supply for Consumption for Domestic Traffic

PUBLIC PRIVATE PARTNERSHIP IN DRY PORTS

- ✘ World Bank Report – Indian Logistic Cost is One of Highest due to Imbalance of Demand & Supply
- ✘ PPP Major Thrust in Development of Dry Ports – State Govt. , Concession Agreement by Railways
- ✘ Objectives :
 - + Speed
 - + Reliable Door to Door Service
 - + Complete Logistic Solution
 - + Sharing of Resources

Free Economic Zones Pelepas Tanjung Port, Malaysia.



FEATURES OF TANJUNG PORT

- ✘ The entire area has been declared “free zone” which provides no Custom formalities
- ✘ Seamless documentation via Online system
- ✘ 40,000 Sq.Mtr. of Warehouse space suitable for distribution, consolidation, warehousing, manufacturing and transshipment activities.
- ✘ Govt. incentives for manufacturing, regional distribution centre and international procurement centre.

DISTRIPARK

- ✘ About 1600 Acres. of land adjoining the port areas has been developed as Distripark with all Govt. incentives for manufacturing, regional distribution and international procurement.
- ✘ About 13 Global players have set up their facilities within PTP Distripark which includes Flextronics, CIBA Vision, Cooper Cameron, Maersk Logistics etc.
- ✘ Business facility has been provided by exempting from customs duty, excise duty, sales tax and service tax by Govt.

PSA PORT - SINGAPORE

- ✘ Developed as a separate enclosure outside but adjoining the port area to carry out all CFS operations.
- ✘ Buildings and other related fixed structure has been developed by PSA and the 50 warehouses have been outsourced/leased to 23 companies for carrying out their respective CFS operations.
- ✘ Companies provide their own handling equipments and trailers for carrying their load.
- ✘ The common user facilities such as workshop for repairs and maintenance of handling equipments etc however provided by PSA.

GOVT. INITIATIVES

- ✘ Dedicated Freight Corridor
 - + Dedicated Rail Corridors to Haul Freight Traffic to Connect the Ports to ICDs
 - + Rs. 700 Billion Investment Plan to Construct Western and Eastern Corridor
 - + Funded by World Bank, JAICA, and Government of India
- ✘ Double Stack Container Trains

DELHI MUMBAI INDUSTRIAL CORRIDOR (DMIC)

- ✘ \$ 90 Billion DMIC Project Stretches over about 436,500 Sq KM in 6 States of India
- ✘ Encompassing 20 Potential High Growth Economic Zones
- ✘ Develop Manufacturing Services & Export Oriented Hub
- ✘ Create a Chain of Free Trade Warehousing Zones & Freight Logistic Parks with Rail & Road Connectivity

GOVERNMENT TAX INCENTIVES

- ✘ Applicable to New Investments in ICD / CFS
- ✘ Earnings for 10 Consecutive Years out of 15 years of Construction exempted from Corporate Tax

Thanks