A Visakha Container Terminal Newsletter

e-vaartha

Issue No:17/Vol:32/Nov 2021

"VCT has natural depth of 16m alongside - The deepest amongst India Container Terminals"

VCTPL's Expansion

The expansion of Visakha Container Terminal is going on in full pace. Work on the expansion of quay length at VCT to 845 m from the current 450 m is in the final stage of completion which would enhance the terminal capacity to 1.3 M TEUs. The 395-meter quay wall is almost ready for berthing vessels.

3 super post panamax cranes and 9 e-RTGCs have already arrived and getting commissioned. These Super Post Panamax cranes can handle 22 container rows across the vessel. The additional quay length will create room for more window berth at VCT where new services are poised to make their way into the terminal. Post extension, VCT would have the longest berth in linear form on the East Coast of India.

VCT is gaining its pace in terms of operational excellence and enhanced customer experience. Many more services connecting the various parts of the world from VCT are in pipeline and to cater the needs of the trade, the extension will be ready by then.

Maiden Rake : VCT To Nepal

Nepal's traffic is consistently reviving post-pandemic. Vizag is the obvious choice for the trade because its container terminal on the east coast of India has world-class infrastructure and a proven track record for efficiency. India is one of Nepal's largest trading partners, and Visakhapatnam handles about 60% of Nepal-bound rail traffic. Trade between the two countries via VCT has been increasing since 2017.

In the July edition of Vaartha, we mentioned that all authorised private container train operators (CTOs) in India and Nepal could now utilise the Indian railway network to carry freight containers with imports to or exports from Nepal. This move by both governments has opened doors for the CTOs to participate in the Nepal rail traffic and will benefit merchants by reducing transportation costs.

As a result, J M Baxi in collaboration with Pristine Logistics, sent a maiden container rake on 26 November 2021 from VCT to Birgunj ICD in Nepal. The rake was deployed by J M Baxi and had 68 laden TEUs. This initiative has opened new avenues for the bilateral trade and transit sector.

Cont. in page 2...

We handled everything from the bill of lading until the rake arrived at Birgunj ICD, eliminating any hassles and making the shipment a great success. This is a game changer for trade between the two countries. The other part of the success story is our efficiency in handling rakes, which is pivotal in meeting the customers' requirements. Many more rakes will follow and the momentum will continue.

India : The Leading Wheat Supplier To South Asia

Export of wheat from India is increasing in good pace. As per trade experts, India became a major wheat supplier for countries in South Asia and the Indian Ocean Region as prices in the global market have risen near eight-year high. According to Agricultural and Processed Food Products Export Development Authority (APEDA), India exported 19.86 lakh tonnes of wheat during April-August in this financial year as compared to 2.63 lakh tonnes during the same period in previous year.

Demand of Indian wheat is high because the world leaders Russia and Australia are quoting higher price for their crop. In terms of price also Indian wheat gained pace. In the month of April ’21 it was $265 per tonne now the price is at $315 to $318 per tonne. Whereas, per tonne price of other countries are Argentina: $296, France: $327, US: $322, Australia $433. The increase in international price is also reflected in the domestic prices also. The minimum support price is Rs. 19750 per tonne now. Local millers are not happy with the increase in price as they must pay Rs.25 per kg which was Rs.20 per kg couple of months ago.

In addition to Bangladesh and West Asian countries, Indian wheat is moving to Indonesia and Philippines also. India has huge stock in hand for export which will continue till the end of current financial year. India has also been helped by record wheat production over the past two years. During 2019-20, India produced 107.86 million tonnes and in 2020-21, the output increased to 109.52 million tonnes.

Visakhapatnam, with the presence of a deep draft container terminal has excellent connectivity across the globe especially towards the South Asian regions, can become the ideal gateway for the exports of the commodity. Visakhapatnam will be more cost effective because of its strategical location and close proximity to East Bound countries. While the EXIM requirement is continuously met, not to forget that the coastal demand of the commodity is equally high, and the opportunities are increasing eventually. The wheat product is getting exported both domestically and internationally which is gain pace slowly making VCT its preferred gateway.

Warehousing Demand On A Rise

The growth in warehousing industry was very encouraging over the past few years where the demand increased at a range of 75%-80%. E-commerce has been at the forefront for not only emerging as the hotspot sector of receiving institutional capital, but for being a prime influencer in resetting India's supply economics and delivery dynamics in the last few years.

The demand of commodities like Rice, Coir Fibre, Ores, Chillies, etc. for exports through Visakhapatnam is on a rise. To store the large quantities of both essential & nonessential commodities the requirement would be warehousing facilities complemented with better logistics service. With this prospective growth, also came the requirement for stocking the inventory, paving the way for the requirement of warehousing and logistics solutions by the real estate sector.

Supply chain operations have also seen a significant re-modelling during the pandemic. To reduce the possibility of supply chain disorders, warehousing occupiers increased the stock inventory levels. The e-commerce dominance is also measured by the sector's share in warehousing transactional volume in India growing from 18% in FY 2017 to 31% in FY 2021.

Due to higher service delivery requirements, the e-commerce sector has been one of the early adopters of technology in supply chain operations. This has also induced the need for automation in warehousing operability.The rise of modern e-commerce and third-party logistics occupier groups have led to the use of large space to ensure the larger movement of cargo. In several instances now, the scale of a single warehouse space has increased from 1,00,000 sq.ft. to over 5,00,000 sq.ft. over the last few years.

A growing economy like India, with the second largest population in the world, holds massive potential for its warehousing market which will set over the next few years. Most of the real estate sector around the vicinity of Visakhapatnam believes that warehousing and logistics spaces will attract a lot of business in coming days.

Agri Products Exports Likely To Increase : Govt. Lays Supporting Plans

Despite several challenges faced due to Covid-19 global pandemic, that caused disruption of supply chains across the globe, India is one of the few countries which continued to export agricultural commodities especially cereals, livestock products, fruits, and vegetables. India's exports of export of agriculture and allied products (including marine and plantation products) during 2020-21 rose sharply by more than 17% to $41.25 billion from $35.16 billion as compared to year 2019-20. The increase in exports trend under the APEDA monitored products in 2020-21 was 24 per cent as compared to the previous financial year.

The overall export of APEDA monitored products increased from $8,512 million in April-September 2020-21 to $10,007 million in April-September 2021-22. This rise in exports also implies that India has emerged a trustworthy supplier of various agricultural commodities internationally. Andhra Pradesh is considered to be the rice bowl of India where the region of East Godavari district contributes more towards the exports of agri products complemented with rice exports from Raipur region

Under the PM Gati Shakti National Master Plan, all the sectors are being linked from roads to railways, from aviation to agriculture, various ministries, and departments. Mapping of existing agri-infrastructure specifically focused on domestic trade as well as exports possibilities would help in identifying areas where infrastructure needed to be restored. Mapping would help in identifying blockages in India's agricultural exports. Creation of new infrastructure like setting up Centre for Perishable Cargo, Integrated Pack houses, Laboratories, cold storage units, warehouses, integrated container terminals in all the agricultural exports clusters is being taken up. The setting up of multimodal logistics hubs and multimodal transport hubs should be key focus of work for future years.

Meanwhile, APEDA has announced operational guidelines for the financial assistance scheme for export promotion 2021-22 to 2025-26. The scheme aims to facilitate the export of agri-products by providing assistance to exporters in three broad areas – development of export infrastructure, bringing quality in production and market development.

Notwithstanding the surge in agricultural exports, challenges posed by Covid-19, especially in the last one and half year (2020-21 and April-September 2021) is an indication that India's ecosystem for entrepreneurs, businesses and farmers is robust, and the future holds a better promise provided we continue to give thrust on region specific product promotion through investment in infrastructure for strengthening the agricultural logistics value chain.

VCT is having its existing terminal expansion plan well in progress to support the growing trade's requirements. Visakhapatnam is emerging as a major logistic and warehouse hub with several industries dealing in agro products, frozen sea foods etc. In the future VCT would be the ideal gateway for the EXIM movement of the increased agricultural products.

Visitors @ VCT

(From Left) Mr. Keiichi Bando, Mr. Prathap Singh & Mr. Bonela Vinod from - Yusen Logistics Visited on 10.11.21

(Left) Mr. Rajan Sharma - Consultant World Bank & (Right) Mr. Jeevraj Dhakal - Nepal Intermodal Development Board Visited on 11.11.21

Mr. Enayat Ahmed & Mr. Subhankar Mondal - Sea Freight & Logistics Solution Visited on 17.11.21

(From Left) Mr. Nekkanti Sridhar - ASL Aqua & Mr. Rio Lobo - Global Ocean along with their staff Visited on 23.11.21