

'Unless Cost of Operations is Brought Down Coastal Shipping will Remain a Dream'

S Ramakrishnan, chairman and managing director of *Shreyas Shipping*, is as much the driving force behind the Transworld group of companies as he is the pioneer of coastal operations in the country. In an interaction with *V Ayyappan*, the highly successful entrepreneur, with over 25 years of experience in all facets of running container feeder services in the Indian sub-continent, elaborates his company's latest initiative

Congratulations on successful linking of east coast with west with your coastal service. What were your initial expectations and how are they turning out?

Shreyas takes pride to be the first containerized coastal operator for having linked east with west coast of India starting from Kolkata to Mundra. The services have turned out to our satisfaction as per our initial expectation as both services were tailor-made with support of base cargo with an intention that once the service is up and running more and more cargo volume will shift from road and rail mode to water and also that we can shift certain exim cargo which are currently transshipped through foreign hub ports.

As against earlier services, what are the advantages that the new service has made available to the trade?

With the new services we have provided our customers connectivity between all major container ports and terminals in India, for both domestic as well as exim containers as against earlier services between few ports. We have also established Mundra as gateway port for the exim cargo originating and destined from and to Hazira and Nhava Sheva. The East-West service can help Vallarpadam terminal to develop as a transshipment hub for both domestic as well as exim cargo. Combining both the old and new services we are able to provide pan India service.

As a leading coastal operator, this is a service that Shreyas should have started long back. Why it took 15 years to launch it now? What were the triggers?

The new services are part of the growth plan of Shreyas as envisaged. In order to provide such services we had to first go for increase in tonnage which we were able to accomplish last year by almost doubling up our tonnage and capacity.

We also had to work out for the

base cargo to commence these services after we had acquired the right tonnage to launch the services. Development of the required infrastructure also took place only in last two years with commencement of operations at Vallarpadam terminal, Adani Hazira terminal and Adani MSC 3rd terminal at Mundra which were the key terminals for the services launched. Surely the timing is right and we could not have achieved this earlier.

Everyone has been paying lip service to coastal and inland water transportation for the salient benefits it offer to the country and its trade. For players to join the trade it was left to operators like Shreyas to pioneer and demonstrate the worthiness of the mode. What were the obstacles which were so difficult to surmount for one to enter and how Shreyas plans to tackle them?

Operating services on the Indian coast has been very challenging from the start and also most expensive due to several taxes and levies. As you are aware, all Shreyas' vessels are registered in India with a vision to develop coastal shipping here hence we had to accept all the challenges.

The initial challenge was to get the Custom procedures put in place to carry domestic as well as exim cargo which was streamlined to get the operation started. But unfortunately these procedures are questioned and even after a decade of operations we still continue to face issues off and on.

Then came issues related to port infrastructure as priority is always given to exim trade and coastal container trade continues to suffer which we have overcome by planning and operating scheduled services.

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Navigating change:
Mr Ramakrishnan

cost deployed on our ships due to the associated taxes.

We are of the firm belief that unless the cost of operation is brought down most cargo will not find way to the sea mode and coastal shipping will remain a dream for country and just lip service will not help it in its growth.

We have been putting up several proposals to resolve these issues and challenges to the concerned authorities but no relief has been extended so far.

We really need to think what the country is losing by not having a competitive coastal service as against the foreign counterparts and resolve all issues and challenges which should be the way forward.

What kind of an impact the service would have for the

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transshipment terminal at Vallarpadam? Do you see any change in activities following the launch of the

new service?

The government relaxed cabotage for Vallarpadam last year but unfortunately no one has availed this advantage so far as it has not addressed the main issue of high cost for coastal shipping service.

If a container hub port has to be really developed in India then the operating cost for the coastal feeder vessels have to be brought down or else cargo will find its way to foreign hub ports where the feeder cost is much lower even when distances are longer due to disparity in cost.

Our coastal services, old and new, calling at Vallarpadam terminal are the only ones handling transshipment containers and the new service has already handled close to 1000 TEUs per month.

We expect the volume to go up further in days to come. Surely if cost of operation can be brought down then the new service can do wonders for Vallarpadam. Shortly we may have to make it a weekly service as there is enormous scope.

As a minority stakeholder in the terminal, how do you see the potential of the international transshipment terminal shaping up?

Now since we are able to provide connectivity with all other major Indian container terminals and ports, we do see potential for development of terminal.

Although the port and terminal are trying to match handling cost with the neighboring hub port to attract business but the feeder cost remains a matter of concern due to high cost of operations of coastal feeder services.

We are sure that if it is taken care of, the terminal will have the potential of being the international transshipment terminal.

Kerala government is seen actively promoting use of inland and coastal transportation. How do you rate their efforts? Do you have any suggestion to make the efforts more efficient and productive?

We do appreciate Kerala government's initiative to promote inland and coastal transportation which is limited to the state.

But if the same can be ex-

tended for the vessels connecting the state with other parts of India then surely operators like us can provide much business to the Kerala state and help the developments of ports and overall growth of the state.

The centre is busy working towards setting up two major ports, one on the east and another on the west coast. Frankly, have you ever felt the need for more ports in the subcontinent?

We are surely not against development of two major ports as a developing country like ours do need to have more port infrastructure to take care of expected growth which unfortunately has become flat in the recent past due to world-wide recession but surely these are long term development plans.

Along with development of port, the government also needs to think of development of Indian shipping and move towards that.

When do you expect the Indian players to experience the upward swing of the next shipping cycle?

There has been several upward and downward swings in the shipping cycle but the current downward swing has been for long and also large which has affected global shipping the maximum and we do not expect equivalent upward swing in future.

There will be upward swing but we do not expect that will bring as much cheers to Indian players or even global players as experienced before during upward swing.

Shreyas has touched almost all segments of the shipping and supply chain logistics. What is next, besides consolidating them?

In the current situation it could be wise to consolidate and expand cautiously. We are surely looking at further development in terms of more acquisition of tonnage and other logistic hardwares besides expansion of coastal services.

One of our vessel is still on charter outside India and the next step will be to include that vessel also on our coastal service and expand our customer base and cargo volume.

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