

# 9<sup>th</sup> Southern Asia Ports, Logistics and Shipping 2014 Exhibition & Conference

## Opportunities for Investments and Development in Intermodal Connectivity

*Presentation by*

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## Next 20 Mins

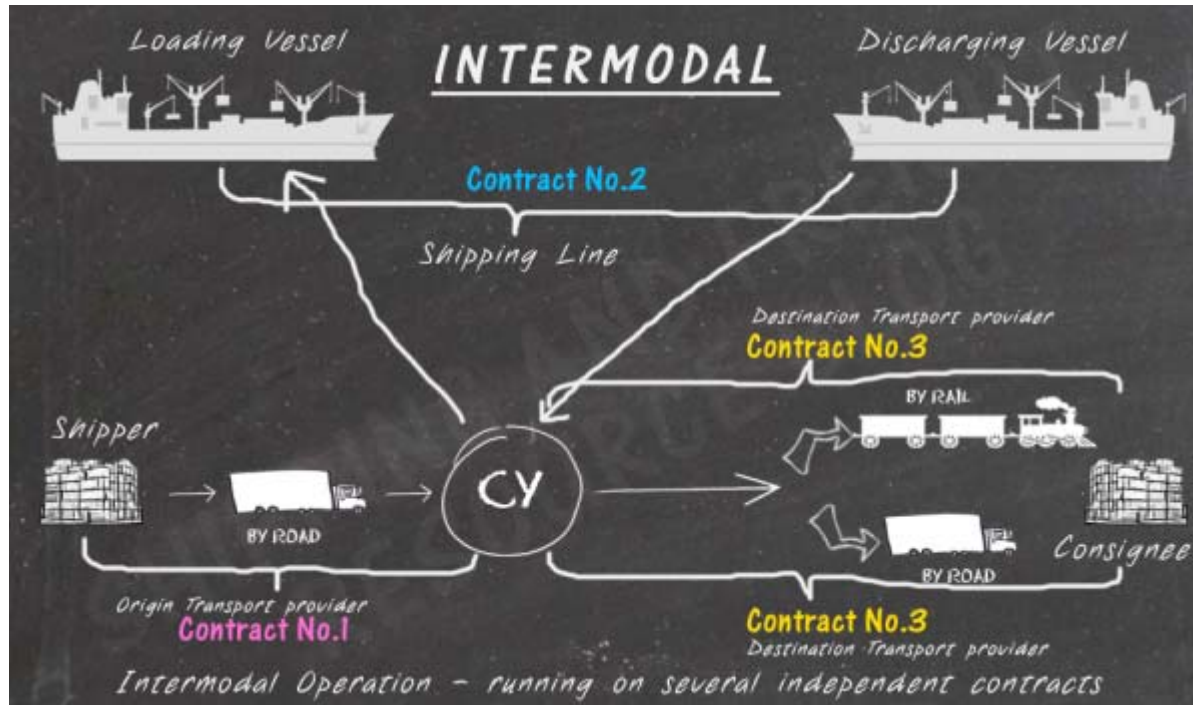
- About Us
- Intermodal Connectivity
- Driving Factors in Indian Context
- Challenges within Indian markets
- 10 changing factors within Indian markets
- Funding & Development opportunities
- Investment in Human Capital

## About Us

- Irish Based Advisory firm focussing on Infrastructure verticals in India, ME and ASEAN Economies
- Mainstream: Ports, IW, Airports and Logistics
- Led by Enda Connellan, Ex CEO Dublin Port
- Been part of EU funding programmes in this sector
- Recently Completed Project Feasibility studies in India and ASEAN region on Inter/Multi Modal connectivity
- Developed Green field port in India
- Developing ITC platform for wider transport solutions

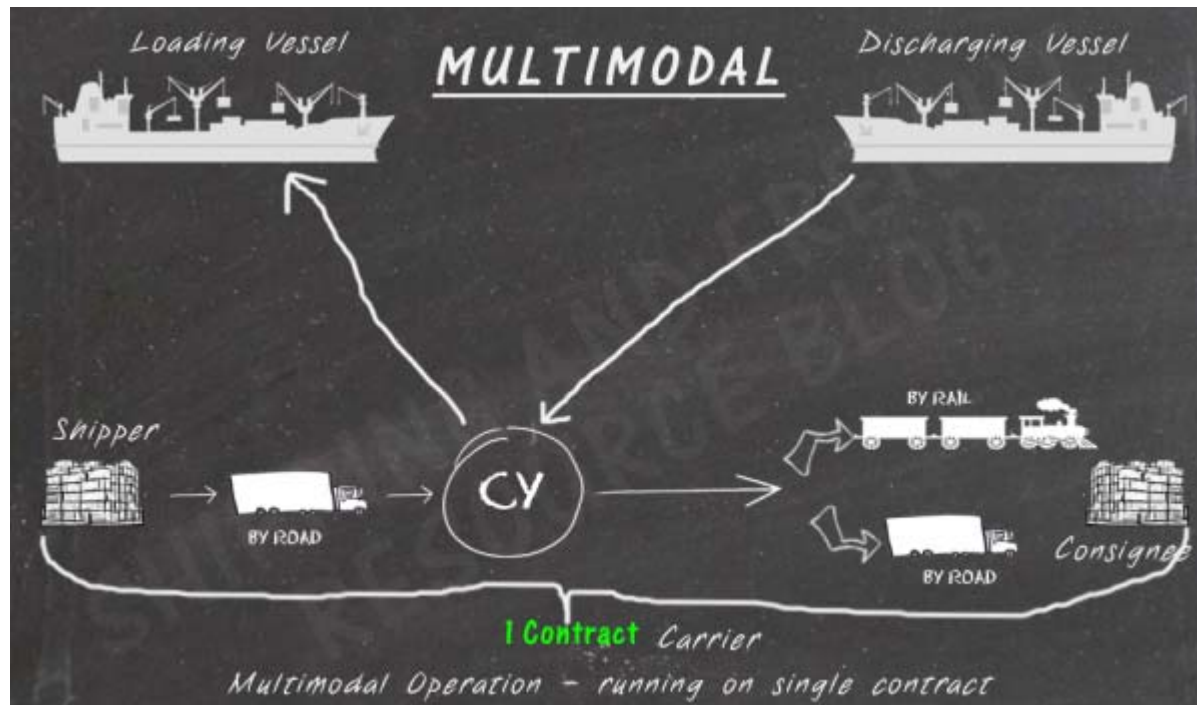
# Intermodal Connectivity

- ‘Intermodal’: Under different contracts; use of two or more modes to move a shipment from origin to destination. i.e containerisation



# Intermodal Connectivity

- Multimodal': Under single contract; use of two or more modes to move a shipment from origin to destination. i.e Bulk



Source: [www.shippingandfreightresources.com](http://www.shippingandfreightresources.com)

## Intermodal Connectivity

Choice of shipping mode =  $f\{1,2,3,4,5\}$  where

- Cost/Price/Rate
- Speed
- Transit time reliability
- Characteristics of the goods being transported
- Service.

# Driving Factors in Indian Context

- GDP/Infrastructure Thrust/Global Confidence under new leadership / Better Governance etc.
- India has a diverse topography and terrain and depends largely on Multimodal Transportation.
- Development of:
  - Western Dedicated Freight Corridor
  - Eastern Dedicated Freight Corridor
  - East-West Dedicated Freight Corridor
  - North-South Dedicated Freight Corridor
  - East Coast & South-West Dedicated Freight Corridor
  - Bangalore-Chennai (further Mangalore)

## Challenges within Indian markets

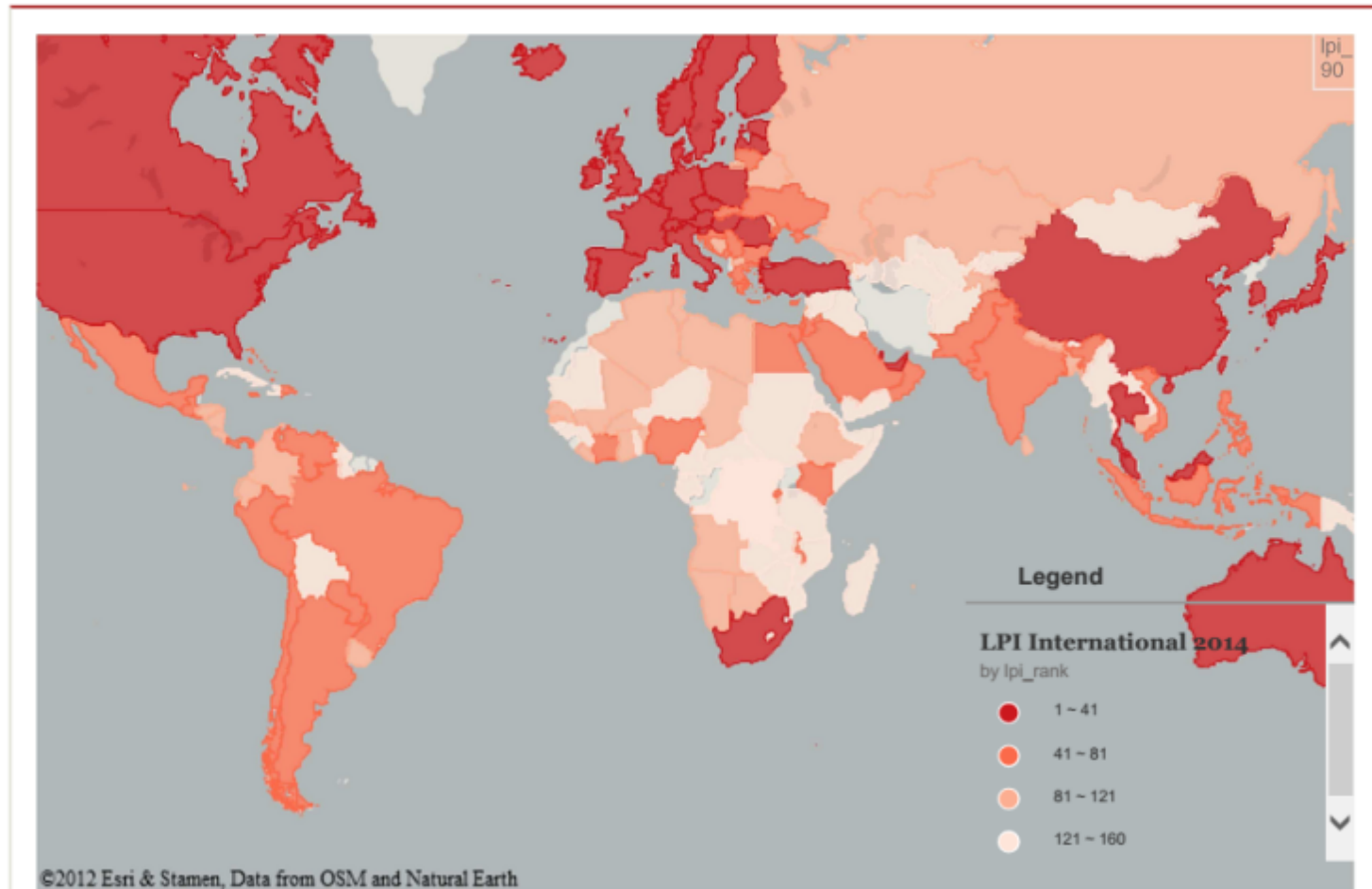
- Modes of transportation for intermodal logistics after shipping is largely limited to Rail & Road.
- Lacks process efficiency (i.e. speed, simplicity and predictability of formalities)
- Still trailing on trade and transport related infrastructure (e.g. ports, railroads, roads, information technology);
- Lacks arranging competitively priced shipments;
- Lacks Competence and Quality of logistics services (e.g., transport operators, customs brokers);
- Lacks ability to track and trace consignments;
- Shipments timeline against scheduled or delivery time.



# World Bank's Logistic Performance Indicator (LPI) index, ranks India at 54 position in 2014.

## Global Rankings 2014

2007 2010 2012 2014



## 10 changing factors within Indian markets

1. Customer requirements competition of supply chains in a global marketplace;
2. Customer requirements with seamless and integrated coordination of freight flows through various modes;
3. Knowledge of current and future intermodal operational options, as well as the potential for improved ICT application;
4. Changes to infrastructure capacity, including policy and regulatory issues.
5. Competition based on “time”; JIT, etc

## 10 changing factors within Indian markets

6. Design, operation and Integration to globe spanning value chains
7. “Demand pull” inventory management methods
8. Concurrent design, fabrication and market planning of new products
9. Outsourcing of production to contract manufacturers
10. Creation of sustainable competitive advantage in specialized industrial clusters

## Funding & Development Opportunities (Govt)

- Avoidance of duplication of facilities;
- Protection of national economy interests;
- Protection of the environment and safety aspects;
- Avoidance of a private monopoly situation;
- Short-term horizon of private sector involvement;
- Increase performance and efficiency, service delivery and competitiveness;
- Decrease costs;

# Funding & Development Opportunities (Govt)



- Improve commercial responsiveness;
- Reduce bureaucracy in administration (in regulatory and operational functions);
- Utilize foreign managerial experience and improve management skills;
- Reduce public labour force
- Demand growth (international trade index for quantity or value);
- Improve the balance between tariff levels and cost recovery levels.

## Funding & Development Opportunities (Pvt)

- Feeder services connecting major Ports
- Dedicated ICD at Major ports and feeder ports
- Road/Rail/IW dedicated ICD's
- Dry Inland ports and Freight terminals at O/D
- Single platform integrated clearance platforms
- Modernisation of Transport modes
- modal shift and combined transport actions
- innovative technologies and logistics services to develop new markets

## Funding & Development Opportunities (Pvt)

- Fleet modernisation: modernisation and development of the inland navigation fleet,
- introduction of ICT like River Information Services (RIS)
- R&D activities in the field of vessel innovation
- Logistics services development: intermodality, logistics services, cooperation between modes, e.g.
- set-up and expansion of regular waterborne container services

# Funding & Development Opportunities (Pvt)

- COASTAL SEA TRANSPORT
- FEEDER PORTS

Lo-Lo



Ro-Ro



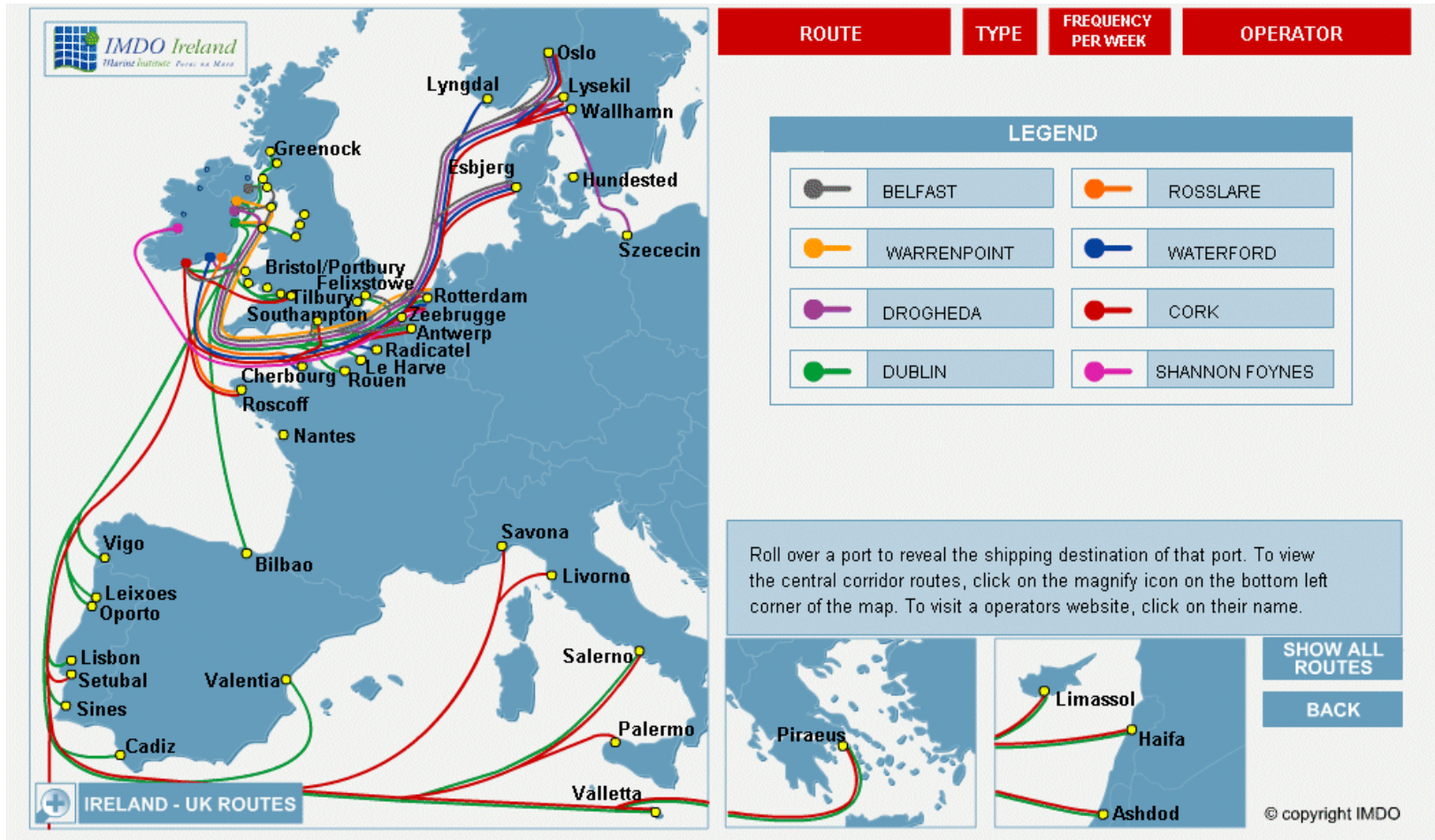


# Funding & Development Opportunities (Pvt)

- Hybrid Conro
- Flexibility
- Project Cargoes – Off Shape
- Transit time reliability
- Price differential down
- Increased TEU rate per hour
- Smaller capital investment



# Funding & Development Opportunities (Pvt)











CLEAR HEAD 5.2M

P&O

P&O Ferrymasters  
European Services

## Investment in Human Capital

- HRD: recruitment actions, education and training, e.g.
- education of young inland navigation personnel
- training of inland navigation personnel, e.g. use of new technologies, safety, management and IT skills
- project-related training and staff costs
- Port and transshipment modernisation & Training
- transshipment equipment for new or existing ports and transshipment sites
- development of combined transport terminals

# We See Potential!! (Funding)

- Largest free-growing Trade market
- Driven by Strong Demand/Supply
- High Internal Consumption / Economic Growth
- Major players establishing base in India
- Projects are ROI / IRR Driven
- Long Term Viability
- Backed by visionary promoters
- Government Intervention / Support

# We See Potential!! (Funding)

- Different Modes of Transport
- Well- Leveraged Debt on strong cash flows
- Aim at Medium-term borrowings
- Limited Forex exposures
- Fund Ancillary activities
- Investment into Technology / Research
- Pricing Strategy

Thank you

**Meloth H Krishnan**

CK&A Advisory Ltd  
Ireland