



Feasibility Study on the development of the International Container Transshipment Terminal (ICTT) into a pivotal hub in Cochin

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Abstract

India is dotted with a long coastline spanning 7,600 kilometers, forming one of the biggest peninsulas in the world. It is serviced by 13 major ports (12 government and 1 corporate) and 187 notified minor and intermediate ports. The Shipping Industry is one of the most cyclic industries. Being a global industry, it is affected by a whole gamut of factors which range from world economic condition, political events, natural disasters to age of existing vessels, new vessel delivery schedules and government regulations amongst others. The steady increase in container traffic has pushed these industries towards operating larger ships. It was projected that there would be approximately 490 very large vessels (approximately 130 of these would be post panamax ships with the size of 10,000 TEU or above) deployed on routes to and from Asia by the year 2006. These ships provided economies of scale due to reduction in the per unit shipping cost. This development has resulted in the establishment of selected aggregation centers along the sea routes, which act as major Transshipment hubs. The draft (depth) restrictions at most of the Indian Ports prevent mother vessels from calling and hence creating a bottleneck to transship India bound cargo in India. Ports of Colombo, Singapore, Dubai and Port Klang act as Transshipment hubs for almost 45% of Indian bound container cargo, earning around \$ 350 million p.a. Development of a Transshipment hub capable of handling big ships would help winning back the Indian cargo being handled in these ports. India's first International Container Transshipment Terminal (ICTT) in the Special Economic Zone (SEZ) at Vallarpadam Island will turn India into a key player in the International trade map. When fully developed, the ICTT, a part of the expansion project at the Cochin Port, would be the largest individual terminal in India and will make Cochin a key centre in the shipping world, reducing India's dependence on foreign ports to handle transshipment requirements.

Keywords: Feasibility, International Container Transshipment Terminal, Pivotal Hub.

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Introduction

India is dotted with a long coastline spanning 7,600 kilometers, forming one of the biggest peninsulas in the world. It is serviced by 13 major ports and 187 notified minor and intermediate ports. The shipping industry is one of the most cyclic industries. Being a global industry, it is affected by a whole gamut of factors which range from world economic condition, political events, natural disasters to age of existing vessels, new vessel delivery schedules and government regulations amongst others. The steady increase in container traffic has pushed this industry towards operating larger ships. These ships provide economies of scale due to reduction in the per unit shipping cost. This development has resulted in the establishment of selected aggregation centers along the sea routes, which act as major transshipment hubs.

The draft (depth) restrictions at most of the Indian ports prevent mother vessels from calling and hence creating a bottleneck to transship India bound cargo in India. Ports of Colombo, Singapore, Dubai and Port Klang act as transshipment hubs for almost 45% of Indian bound container cargo, earning around \$350 million per annum. Development of a transshipment hub capable of handling big ships would help winning back the Indian cargo being handled in these ports.

India's first International Container Transshipment Terminal (ICTT) in the Special Economic Zone (SEZ) at Vallarpadam Island will turn India into a key player in the international trade map. When fully developed, the ICTT, a part of the expansion project at the Cochin Port, would be the largest individual terminal in India and will make Cochin a key centre in the shipping world, reducing India's dependence on foreign ports to handle transshipment requirements. The main advantage of doing this is to win back the cargo and divert the revenue to India which encompasses the shipping costs. This could, however; transform Cochin into a key player in the shipping world thereby reducing India's dependence on foreign ports. This project enlists

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various domains which are needed to be assessed to develop the ICTT into a prominent location.

Scope of the study

This study envisages the opportunity assessment of the Vallarpadam terminal of Cochin Port, thereby providing an insight to concentrate on the requisite areas for development.

Research objectives

Primary Objective: To develop an innovative strategy required to transform the International Container Transshipment Terminal (ICTT), Vallarpadam into a pivotal hub thereby to avert the traffic from the Port of Colombo through Cochin

Secondary Objective: To expand the volume of business pertaining to the break bulk commodity

Research methodology:

Type of Research : Exploratory
Technique Employed : Qualitative
Research Instrument : Questionnaire

Data collection:

Primary Data : Elite Interviewing (Structured & Unstructured)
Secondary Data : Books, Reports, Websites
Sampling Design : Census Study

Limitations

- Geographical limitation: The research was carried out in Cochin Port and Vallarpadam terminal
- Time limitation: The research was conducted over a period of three months
- Curtailed information: due to reasons of confidentiality, the accurate data were not passed on
- Poor response: Some respondents were unwilling to respond due to lack of time and interest

Findings

- Adverse impact of the labour unions and prevailing environmental ordeals put a curb on the operations of the terminal
- The exorbitant handling costs and vessel-related charges are the critical factors which prevent the development of the International Container Transshipment Terminal (ICTT) into a transshipment hub
- Due to lack of sufficient cargo, operations at the terminal are unable to reach the break-even point
- The terminal could take around three years to be developed fully
- By offering costs rebates and discounts to the Main Line Operators (MLOs), followed by a subsequent reduction in costs could divert the traffic from the neighbouring ports through Cochin

Recommendations and suggestions

- Entrust priority to the mother vessels thereby focussing on the communication objective of gaining attention
- Offer certain concessional rates or rebates at least at par with the neighbouring ports/transshipment ports
- Create a brand image and ascertain the marketing objectives
- Enhance the rail infrastructure and focus on the peripheral infrastructure
- Utilize cost-effective equipments for loading and unloading
- Facilitate proactive and effective communication to the ultimate users
- Set objectives in order to achieve the mission
- Provide high class service which could compete with any other ports

Conclusion

- With the commencement of the International Container Transshipment Terminal (ICTT), Cochin is poised to become India's gateway to international markets, competing with other transshipment ports in the region
- Being located in the Special Economic Zone (SEZ) at Vallarpadam Island will turn India into a key player in the international trade map. When fully developed, the ICTT, a part of the expansion project at the Cochin Port, would be the largest individual terminal in India
- Located 11 nautical miles off the Middle East trade route and 76 nautical miles off the Suez route, Cochin's proximity to these trade routes makes the terminal attractive as a hub to the vessels operating in this route. Strategically located on the main East-West global shipping lines and offering a draft of about 16 m, Cochin is destined to develop as the premier gateway to southern India, as also offering an alternative to Sri Lanka and Singapore for containers being transshipped for the Indian market
- Cochin Port is a natural gateway to the vast industrial and agricultural produce markets of South & West India. The immediate hinterland of this port includes the state of Kerala, major commercial centers in Tamil Nadu like Tirupur, Coimbatore, Salem etc. and parts of Karnataka including Bangalore, Mangalore and Hassan, thereby providing a steady source for export cargo and import demand
- The dedicated four lane highway connects to various national highways in India and the exclusive rail connectivity to the terminal, with the longest rail bridge in India spanning 4.62 km gives the International Container Transshipment Terminal easy access to the major markets in India. Coastal connectivity to various ports in West and East coast of India and barging operations using the inland water ways of Kerala, gives the terminal safer and

ecofriendly connections to the markets, seldom seen in most other terminals

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