

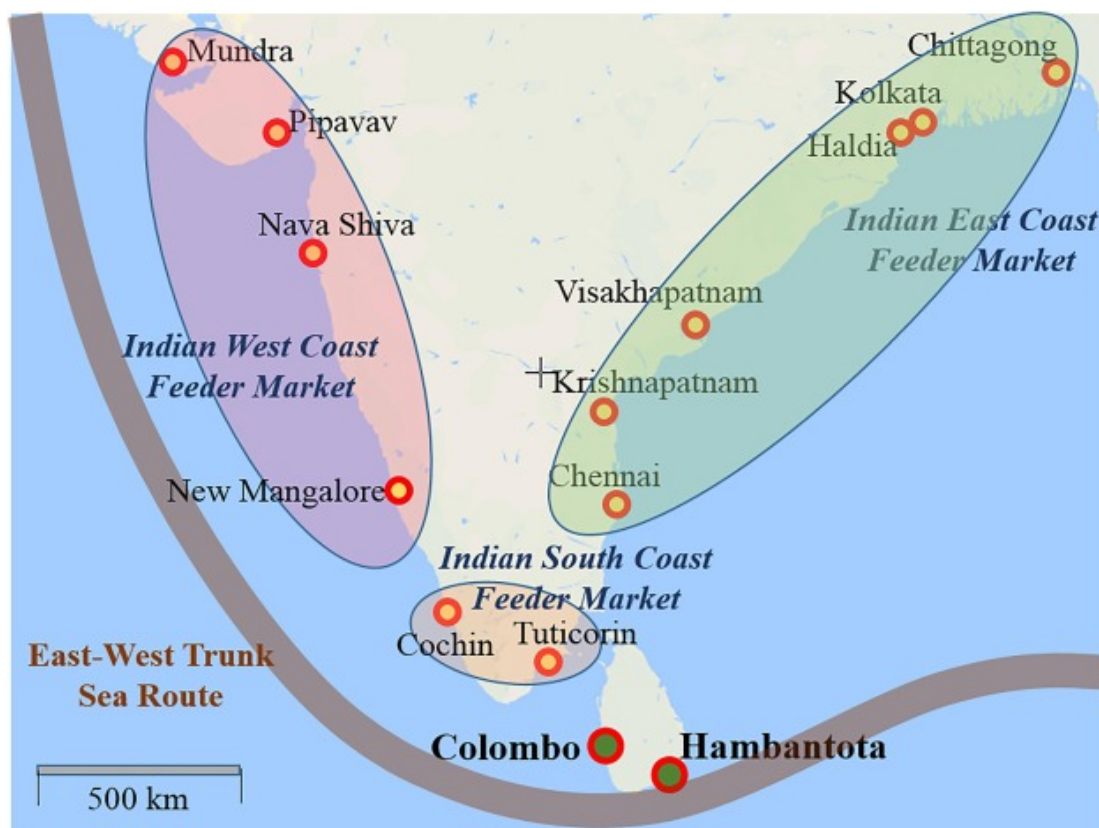
## Boosting Container Cargo Traffic

### Why in news?

India is losing revenue on nearly a quarter of its own container cargo every year and much of this loss is of ports on the eastern coast.

### What is India's transshipment status?

- Transshipment is the movement of a container or cargo from one vessel (feeder vessel) to another (mainline vessel) while in transit to its final destination.
- In 2019, Indian ports handled around 16 million twenty-foot equivalent units (TEUs) of container traffic.
- About 75% of these were gateway containers (operate directly from the port of origin to the port of destination), while 25% were transshipment containers.
- About 3.5 million TEUs were transshipped at ports outside India.
- The key international ports handling Indian transshipped containers are Colombo, Singapore and Klang in Malaysia.



### What are the reasons for the loss of revenue?

- **No transshipment hub**- The loss is primarily because India does not have a transshipment hub of its own around the southern tip.

- **Unavailability of vessels-** There is an unavailability of mainline vessel calling at these ports.
- **Role of international ports-** The east coast also loses transshipped container cargo to international ports.
- Colombo benefits majorly from India's loss, taking 27-31 % and most of the east coast ports, such as Kolkata, Haldia, Vizag and VO Chidambaranar, are losing mainline/direct traffic to Colombo.
- **Additional losses-** Apart from the losses from handling transshipment containers originating/destined for India, income from vessel-related charges and employing manpower is also lost.
- **Higher logistics cost-** The transshipment cost also leads to higher logistics cost to the shipper, where the additional freight and handling cost get loaded to the overall cost.

## What is the case for developing transshipment hub in India?

- The existing Indian ports that could be weighed for development into a transshipment hub are VO Chidambaranar , Cochin and Vizhinjam.
- The cost per container needs to be cheaper to the mainline vessel operator for recognising a port location as a transshipment port.
- If the transshipment facility is available at Tuticorin and Vizhinjam, it is equally beneficial to halt at these location as at Colombo.

## What are the steps involved in developing the ports as transshipment hub?

- The ports can be developed into transshipment hub through the key parameters
- **Attracting an anchor shipping line-** The shipping lines' key selection parameters are proximity to the mainline maritime route and deep-draft availability.
- **Competitive/discounted tariff by the port terminal operator-** The Major Port Authorities Act, 2021, and new model concession agreement give private operators at the major ports flexibility to charge market-driven tariffs.
- **Lower vessel-related tariffs**
- **Availability of adequate parcel size-** The hinterland available to these two ports stretch to the entire east coast of India, along with parts of the west coast.
- **Governance framework-** It is for the productive port operations (IT-enabled systems for Customs and taxation).
- **Mechanisation-** It includes automation level at berths, easy and efficient handling, storage, faster turnaround time, and faster evacuation through excellent road/rail connectivity.
- **Ancillary services-** It includes services such as bunkering, crew change, international airport and hotels.

## What are the benefits of setting up a transshipment hub?

- **Reduction in logistic costs-** It will reduce the logistics for shippers, as the origin or destination lap of the container would either be on road/rail or on domestic/coastal route.
- **Boosts container traffic-** It will boost higher container coastal traffic.
- **Promotes integration-** It will ensure greater integration with world trade, leading to more lines calling the country and also opening direct access to the developed markets.
- **Increased efficiency-** There would be a significant increase in efficiency and throughput, leading to keener competition from other ports in the country.

## Reference

1. <https://www.thehindubusinessline.com/opinion/india-can-boost-container-cargo-traffic/article6540834ece>

