

Study on the Problems & Prospects of International Container Transshipment Terminal (ICTT), Kochi, Kerala

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ABSTRACT

Container terminal is a facility where from the cargo containers can be transshipped worldwide. The transshipment can be made between container ships and land vehicles at the container terminal facility. India is the major commodity exporters in this world. International Container Transshipment Terminal (ICTT) is playing very important role in shipping industries because exports bring in foreign revenue to the country's exchequer. ICTT, Kochi was commissioned in 2011 with much fanfare offering big prospects and benefits to the Indian exporters. But there are some problems for the smooth functioning of the export/import process at ICTT, Vallarpadam, Kochi. The study mainly tries to find out the major problems associated with the ICTT and also the huge prospects and benefits for the Exporters.

Key Terms: ICTT, SEZ, THC, DPW, BOT, SSR

I INTRODUCTION

International Container Transshipment Terminal (ICTT) is situated in Cochin, Kerala, which is known as Vallarpadam Transshipment Terminal. Dr. Manmohan Singh, the former Prime Minister of India commissioned this terminal on 11th February 2011. There is only one Transshipment Terminal Port in India, and this terminal is also first Container Terminal operates in a Special Economic Zone (SEZ). It may be remembered that Cochin Port Trust (CPT) made an agreement with Dubai Port World (DPW) on 16th February 2005. As per the agreement, DPT was to construct, develop and operate the International Container Transshipment Terminal, and this terminal would have to be operated by Dubai Port World for 30 years. After thirty years of operation control would be revised to the Cochin Port Trust. International Container Transshipment Terminal, at present, operated by Dubai Port World a logistic Company.

It is handling 70 million Containers and 70000 Vessels (Ships) annually in all over 40 countries in the world. Dubai Port World was a global ports operator. All the facilities in connection with exports formalities arranged at International Container Transshipment Terminal in Vallarpadam, Cochin, Kerala. Ports are very essential platform in transport industry. There are tremendous opportunities for exporters to export their cargos through this terminal, because the exporters can save transit time. The same time there are some problems in this terminal which the researcher wishes to find out.

II OBJECTIVES OF THE STUDY

- (a) To understand the problems which are happening in ICTT regarding the shipment of Cargoes and how it effects Exporters
- (b) To understand the prospects of ICTT and how it can be utilized by Exporters

- (c) To make suggestions for more effective exports of commodities through ICTT.

III PREVIOUS STUDY

Joseph .P.S., Researcher along with Manoj P.K (2015) has studied a commodity-wise exports through ICTT (2011-2014) based on the data from 2011 to 2014 and pointed out that many exporters are preferring Mangalore, Tuticorin and Chennai Port. Because Higher Terminal Handling Charge (THC) are levied at ICTT. Other reasons for export diversion from ICTT are higher loading and loading charges, strict customs formalities and various expenses.

IV RELEVANCE AND SIGNIFICANCE OF THE STUDY

The Main problems are higher Terminal Handling Charge (THC) at ICTT, Cochin. At the same time, Mangalore, Chennai, Tuticorin ports are charging very less THC, other labour charges and other miscellaneous expenses. Even though charges like THC, labour Charge, Transportation Charge are very higher at ICTT, the exporters can save transit-time if they use this terminal, because mother vessels are now berthing at ICTT. This mother vessels make voyage to destinations directly, so the exporters can also save freight charges.. Similarly export containers are coming from International Container Depot (ICD) Coimbatore, Bangalore etc., to International Container Transshipment Terminal by using Vallarpadam rail line and four line roads. Customs Office, Container Freight Stations (CFS), Clearing and Forwarding Agent's (C & F) offices, Steamer Agents Offices, which are even situated on Willingdon Island, ICTT is 15 kilometers distance from Willingdon Island. It will take more time and is therefore inconvenient to transfer containers to ICTT from Port CFS. Even though Ro-Ro Service is arranged for container movements between these two locations, it is also an additional expense for exporters. Higher THC, Labour Problems and other

limitations have contributed to poor performance of ICTT.

V EXPORTER'S MAIN PROBLEMS AT ICTT

(a) Higher Terminal Handling Charges (THC)

- (i) **Terminal Handling Charge (THC) at ICTT** - Terminal Handling Charge (THC) is very high at ICTT when compared with other major ports in India. Following are the THC charging in different ports in India. So, Researcher wants to compare THC with other ports how it can be reduced at ICTT and make it attract more exports through Cochin Port.

**Terminal Handling Charges (THC) (Rupees at Major Ports in India.
With effect from 18th October 2018**

Export (Size/Type)	Cochin ICTT	Mangalore NMPT	Tuticorin PSTL	Vizag VCTPL	Chennai CCTTL	Goa MPT	Mundra ADANI
20' Dry	9000	6120	5500	6460	5500	6610	8500
40' Dry HC	13000	7420	7400	9800	7600	9500	11500
20' Reefer	17150	14100	5500	15250	11000	16000	11000
40' Reefer	24250	15900	7400	21650	16000	21000	16000
20' HAZ Cargo	10800	6200	6635	8370	7000	6610	11000
40' HAZ Cargo	14800	7500	8760	12825	10000	9500	16000
20' ODC	17400		5600	8150	7000		14500
40' ODC	24250		7400	12225	10000		17100

Source: Customer Advisory (CMA CGM Group) Steamer Agent

Export (Size/Type)	Haldia HDC	Krishna Patanam KPCT	Hazira ADADI	Kandla KCTL	Karaikal MKP	Kattupalli ADANI	Kolkata CPY/MHC
20' Dry	9250	5100	7850	4500	5500	5500	9250
40' Dry HC	13550	7500	11450	7000	7600	7600	12800
20' Reefer	11000	11800	17000	7100	11000	11000	11000
40' Reefer	16700	17000	23850	11000	16000	16000	16700
20' HAZ Cargo	9500	7500	10150	6970	7000	7000	9500
40' HAZ Cargo	14000	11100	15350	10325	10000	10000	14000
20' ODC	18450		11000		7000	7000	18450
40' ODC	27100		16000		10000	10000	27100

Source: Customer Advisory (CMA CGM Group) Steamer Agent

**Terminal Handling Charges (THC) (Rupees at Major Ports in India.
With effect from 18th October 2018**

Import (Size/Type)	Cochin ICTT	Mangalore NMPT	Tuticorin PSTL	Vizag VCTPL	Chennai CCTTL	Goa MPT	Mundra ADANI
20' Dry	9000	6400	5500	6460	5500	8100	8500
40' Dry HC	13000	7840	7400	9800	7600	11710	11500
20' Reefer	17150	14100	5500	15250	11000	16000	11000
40' Reefer	24250	16400	7400	21650	16000	21000	16000
20' HAZ Cargo	10800	6400	6635	8370	7000	8135	11000
40' HAZ Cargo	14800	7840	8760	12825	10000	11760	16000
20' ODC	17400		5600	8150	7000		14500
40' ODC	24250		7400	12225	10000		17100

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20' Dry	9250	5120	7850	4500	5500	5500	9250
40' Dry HC	13550	7620	11450	7000	7600	7600	13500
20' Reefer	11000	12000	9350	6750	12000	12000	11000
40' Reefer	16700	17000	13550	10500	16000	16000	16700
20' HAZ Cargo	9500	7600	10150	6970	7000	7000	9500
40' HAZ Cargo	14000	11200	15350	10325	10000	10000	14000
20' ODC	18450		11000		7000	7000	13350
40' ODC	27100		16000		10000	10000	20500

Source: Customer Advisory (CMA CGM Group) Steamer Agent

Higher Terminal Handling Charges are charging at ICTT. Researcher studied about the THC charging at ICTT. In ICTT, wherein Terminal Handling Charges are Rs 500/- to Rs 3000/- which is higher when compared with other ports. Higher THC is the one of main problems at ICTT regarding the shipment of cargoes.

(b) **Customs formalities – Strict at ICTT** - It has been observed that Customs formalities are very strict at ICTT when compared to other major Ports. After completing the Shipping Bill file and Customs examinations, the containers can be stacked at Vallarpadam Terminal. Normally Customs Supervisor is giving Let Export Order (ie permission to export the cargo) It is essential before the container can be stacked. But in other ports like Mangalore and other southern ports of India, the container can be stacked immediately at the terminal. Let Export is required only at the time when the containers are loaded into the vessels.

(c) **Specific Cut- off Time** - Time consuming customs procedural formalities are being performed at ICTT. But in other southern ports these formalities are very simple. Export Cargos are examined and customs formalities cleared at least 4 hours before vessel berthing. International Container Transshipment Terminal is charging Special Service Request (SSR) costing 4000/- + Goods and Service Charge (GST) for 20' feet containers. It is because of there is a specific cut-off time applicable at ICTT. This is very inconvenient for the exporters. No Cut-off time is applicable in other southern ports. There is no Cut-off time at Mangalore and other ports. So no need for SSR in Mangalore and other ports. Even after the berthing of the vessel, cargo can be examined at Mangalore and other ports.

(d) **Higher Transportation Charge** - It may be noted that most of the exporters are based in Tamil Nadu, Karnataka and other Southern States of India. If the exporters export their cargoes through ICTT, the transportation charges and other miscellaneous expenses will be very high; these expenses are unbearable to exporters.

(e) **Frequent strike and labour problems**- Frequent labour problems like strikes and lorry strikes, Container lorry drivers strike, Container Owner's strike are the main problems affecting the ICTT. In the long run, it will force exporters to divert cargoes to other ports.

(f) **Higher Cargo Clearing, Loading, Unloading and other miscellaneous expenses** - Clearing and Forwarding Charges, Loading and unloading charges, other miscellaneous expenses like travel expenses from Willingdon Island to ICTT, Vallarpadam (15 Kilometers) etc., are very high at ICTT. These are also other major problems at ICTT.

(g) **Low frequency of Vessel arrival** - Frequency of vessel arrival at ICTT, Kochi has been stagnant where as the frequency has increased at other southern major ports. This is also one of the major problems throwing spanner in the smooth operations of the ICTT.

(h) **Higher Sales Tax** - Higher Sales Tax, other charges, lengthy and cumbersome clearance, procedures at the Check Post at Walayar near Palakkad, are also other major problems effecting ICTT in a higher way.

(i) **15 Kilometres distance from ICTT to Customs Office, and Cochin Port** - Fifteen Kilometers distance from Cochin Customs Office to ICTT, Vallarpadam is very inconvenience for Clearing and Forwarding, Steamer Agents staff members. This lengthy distance will effects export procedures, some time the container cannot be loaded in to the specified vessel. Such condition will surely give nightmarish experience to exporters and it may bring financial loss to exporters.

(j) **Dredging Cost** - In order to berth Mother Vessel, Cochin Port has to dredge the area of ICTT frequently more effective manner. It is high expensive for Cochin Port. This is also one of the problems to berth mother vessels (large ships) at ICTT

VI MAJOR PROSPECTS AT ICTT FOR EXPORTERS

- (a) **First and only one Transshipment Container Terminal in India** - International Container Transshipment Container Terminal is the first and only one transshipment container terminal in India. ICTT is first container terminal to operate in Special Economic Zone (SEZ). So many exporters can save transit-time by exporting through ICTT. Mother Vessel (Big Vessel) can berth at ICTT so the container can move directly to the destination. If the exporter exports their cargoes in feeder vessel, the vessel first berths in Sri Lanka transshipment terminal or Singapore transshipment terminal for transshipment of cargoes.
- (b) **Relaxation of Cabotage law** - The Union Cabinet relaxed Cabotage law under the Merchant Shipping Act 1958 for transshipment of export-import containers at the Vallarpadam ICTT. The relaxation of Cabotage law, which protect domestic shipping lines by reserving coastal cargoes for Indian ships. It is aimed at attracting more cargoes to the ICTT. Coastal cargoes are the cargoes that move from ports within India to port within the country. Every country has made provisions to protect their country-flagged vessels.
- (c) **Railway line to ICTT** - There is Vallarpadam rail line with a total length of 9.3 KM in which 4.62M through Vembanad bridge which became the longest rail bridge in India. About 80% of the bridge is constructed over the backwaters of Vembanad Lake. This railway line is very useful to move containers from Inland Container Depots (ICD).
- (d) **Line Road to ICTT from Kalamassery** - There is also a 4-lane road between Vallarpadam ICTT area and Kalamassery (Ernakulam) to handle the heavy traffic of the terminal which is known as N.H. 47. This facility can boost the exporters to divert their cargoes to ICTT.
- (e) **Two Wharves facilities** - Under the facilities of Cochin Port Trust, there are two wharves in Cochin. One is Ernakulam Wharf and other is Mattancherry Wharf. Export and Import cargoes are handling in the area of Wharf. The Export and Import cargoes stuffed in containers are loaded and unloaded at berthing pointing in the area of ICTT. These activities are very convenient for exporters and shipping business members.
- (f) **Container Freight Stations (CFS), Public or Private Warehouses facilities** - Export containers are stores and kept ready in Container Freight Stations (CFS), Public or Private Warehouse for loading to the vessels on arrival. There is a facility to stack the export cargoes and doing customs formalities and examinations in Container Freight Stations. There are so many Private Container Freight Stations are

constructed and operating near Vallarpadam Container Terminal.

- (g) **Radioactive detectors and Vehicle Scanners at ICTT** - Radioactive material detectors and vehicle scanners have been installed at ICTT. The Customs department has launched an export processing centre and Gate Module at ICTT for speedy export clearance. The Gate Module was specifically developed for ICTT by the Directorate of Systems, Central Board of Excise and Customs (CBEC) for the efficient and fast clearance of containers. With the introduction of the Gate Module, all export container movement between the Container Freight Station (CFS) can now be tracked. The Customs Export Processing Centre (CEPC) provides a single window system for clearance and will help eliminate the unnecessary container traffic between CFS and ICTT ensuring speedy processing of export.

VII SUGGESTIONS FOR ENHANCED PERFORMANCE OF ICTT

Even though ICTT is the first and only one transshipment terminal in India, and all the facilities are coming under this International Terminal, many exporters especially from southern India, attracts Mangalore, Tuticorin and Chennai Ports. It clearly noted that, there are so many reasons for the leaving tendency of exporters from ICTT. The researcher would like to mention a few suggestions for the better performance of ICTT. They are follows:-

- (i) **Customs Authority has to simplify the Procedural formalities:** Export Cargo examinations formalities by the customs authorities, obtaining their reports from Supervisor, Preventive officers and completion of other formalities, Issue of Let export order must be simplified. Special Service Request (SSR) of Rs 4400/- per 20' container, are very lengthy and cumbersome at ICTT. This formalities must avoided by the Customs Authorities at ICTT.
- (ii) **Terminal Handling Charges (THC)** is very high at ICTT. It is very important as far as exporters concerned. THC must be reduced up to Mangalore, Chennai Port charged. THC has a direct bearing amount of exporters on the operational efficiency and it will effect the profitability of the exports. So THC has to go down at ICTT so as to match with those in other ports like Tuticorin, Mangalore, Chennai, Goa, Vizag.
- (iii) **Existing rate of Cargo and Container handling Charges at ICTT Cochin** – Worker's Union agreement rate with Kerala Head load Worker's Welfare Board, Cochin are very high. So this charges especially loading and unloading charges need to be brought down.

- (iv) The setting up of Walayar -Vallarpadam freight corridor is appreciable by the Kerala State Government. This will ensure hassle-free, fast, less expensive transit of export items through Kerala Boarder (Wayalar). Passing of export goods through Walayar Check-post involves higher cost. Kerala Government decision can avoid unwanted expenses.
- (v) The Cochin Port has to made frequent dredging and this will enable mother vessels (large ships) to berth comfortably. The dredging must be done in a more effective and ensured in a cost effective manner so as to attract more mother vessels to ICTT. Mother vessel can attract more exporters to export their cargoes through ICTT.

VIII CONCLUDING REMARKS

In this study, researcher endeavors to find out the problems and prospects associated with International Container Transshipment Terminal regarding shipment of export cargoes and how the problems and prospects affect the Indian exporters. The Researcher also has found some above mentioned problems and wants them to be put into more effective utilization of ICTT. Considering the positive features of ICTT, it can be inferred that tremendous potentialities are there for the ICTT to come up as the most preferred export destination in India.

ICTT is an ideal and only one transshipment hub in India, the exporters can use this terminal very conveniently. International terminal facilities are arranged day to day basis at ICTT, so exporters can also save freight charge and transit –time. Vallarpadam rail line with a total length of 9.3 KM in which 4.62M through Vembanad bridge is very useful to move containers from Inland Container Depots (ICD). It is also noted that four lane road between Vallarpadam ICTT area and Kalamassery (Ernakulam) will lead to smooth movement of cargos from southern state of India. This facility can boost the exporters to divert their cargoes to ICTT. ICTT has to try to bring back its lost customers and retain the existing customers. It is suggested that ICTT has

to attract new customers to so that it can dream and boast of a bright future.

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