



Export Promotion Council for Handicrafts

EPCH HOUSE, POCKET 6 & 7, SECTOR 'C', LOCAL SHOPPING CENTRE, VASANT KUNJ, NEW DELHI-110070

Tel: 91-11-26135256

Email : focusregion@epch.com

Fax: 91-11-26135518,26135519

web : www.epch.in

REPORT ON AWARENESS SEMINAR ON “REDUCING COST THROUGH EFFECTIVE CONTAINERISATION AND DEDICATED FREIGHT CORRIDORS (DFC’s) AT NEW DELHI ON 13th JUNE, 2015”. AT THE CONFERENCE HALL, 3RD FLOOR, RAJIV GANDHI HANDICRAFTS BHAVAN, BABA KHARAK SINGH MARG, CONNAUGHT PLACE, NEW DELHI

The Export Promotion Council for Handicrafts regularly conducts seminars for member exporters to educate on new and emerging issues related to exports and how to maximize the same. On 13th of June, the Council held a seminar on “Reducing Cost through Effective Containerisation and Dedicated Freight Corridors (DFC’s)” at the Rajiv Gandhi Handicrafts Bhavan, Baba Kharak Singh Marg, Connaught Place, New Delhi.



Exporters Registering Themselves for the Seminar



Prof. Advani sharing his inputs on Containerization





Participants in the Seminar





The seminar saw over 20 delegates and was presided over Mr. Rajesh Rawat (Deputy Director, EPCH) and the speaker for the event Prof. Ashok Advani – Jaipuria Institute of Management.

One could define containerisation as “Containerization is the use of containers to unitize cargo for transportation, supply and storage”. Container logistics thus incorporates supply, transportation, packaging, storage, and security together with visibility of container and its contents into a distribution system from source to user. The idea stemmed from the fact that movement of goods across continents in a standardised, specific and safe manner is imperative to a healthy global trade system.

Upon opening the event Mr. Rajesh Rawat handed over to Prof. Advani to begin the session. Mr. Advani began on a lighter note, first introducing himself and then talking about the sheer magnitude of the logistics involved and how containerisation played a crucial role. He began with speaking about the history of containerisation and that Malcom Purcell McLean may be considered the father of containerisation.

Prof. Advani explained a Dedicated Freight Corridor (DFC) can be described as a network of railway lines “dedicated” for the movement of freight trains. Such DFCs are separate from the passenger railway networks to ensure uninterrupted movement of the freight trains. Railway tracks under DFC are often provided with a higher voltage overhead power line than that of normal passenger railway networks, so the freight trains can attain higher speeds. India has one of the largest transport sectors.

The railway network connecting the four metropolitan cities of Delhi, Mumbai, Chennai and Kolkata is known as the “Golden Quadrilateral” of The Indian Railways. The hypothetical diagonals of this Golden Quadrilateral connect Delhi- Chennai and Mumbai- Howrah. The total route length of the Golden Quadrilateral and its diagonals add up to 10,122 km and is responsible for generating more than 55% of the total revenue of the Indian Freight Railways. Though covering 16% of the routes in India, these corridors are “High Density Corridors” carrying 52% passengers and only 58% freight. The market share of the Indian Railways is falling which is a major concern for the Railways. Some other impending factors that are causes of concern, as far as DFCs are concerned are, these freight networks are highly congested, the train speeds are irregular, the railways are not equipped to carry longer and heavier freight trains and “longer turnaround areas”. So DFC is no longer an option but a necessity of yesterday.....larger transport corridors dedicated to the freight trains for the transportation of goods.



Moving on to the evolution of container vessels, he spoke on how the 1st generation Ideal-X vessels emerged pre 1960s and the advent of the ultra-post-panama vessel that have a TEU capacity of 11000 +. Subsequently he touch based on the important terminologies related to the shipping industry and then on various container types. Container types vary for different types of goods, to sizes, to perishability and other factors.

He later spoke on external and internal dimensions and capacities, necessity of container leasing, keeping an inventory on container leasing and the major companies that operate such services. He also spoke on container leasing and various types of leases besides talking on Freight and other charges associated with containerisation.

Through this seminar the delegates took learnings in the issues related to containerisation, different types of containers and their capacity, important factors affecting freight and Freight Structure and Components.

Questions put up by the audience –

Q: What is a freight forwarder?

A: Freight forwarding is a service used by companies that deal in international or multi-national import and export. While the freight forwarder doesn't actually move the freight itself, it acts as an intermediary between the client and various transportation services. Sending products from one international destination to another can involve a multitude of carriers, requirements and legalities. A freight forwarding service handles the considerable logistics of this task for the client, relieving what would otherwise be a formidable burden.

One of the many advantages of using freight forwarding is that it handles ancillary services that are a part of the international shipping business. Insurance and customs documentation and clearance are some examples. As a consolidator, a freight forwarding service might also provide Non-Vessel Operating Common Carrier (NVOCC) documentation, or bills of lading. Warehousing, risk assessment and management, and methods of international payment are also commonly provided to the client by the freight forwarding service.

A good freight forwarding service can save the client untold time and potential headaches while providing reliable transportation of products at competitive rates. A freight forwarding service is an asset to almost any company dealing in international transportation of goods, and is especially helpful when in-house resources are not versed in international shipping procedures.

Q: Why are the shipping rates so volatile?

A: While there are several factors involved, the primary is market demand. Traditionally from Dec through April for imports, especially from Asia to the U.S., it is called the "slow season." Because the retail market slows down after Christmas. However from mid-January through early February there is an upsurge of cargo moving to beat the Chinese New Year deadline whereby factories all over China shut down for weeks. This usually keeps rates high as there are always space problems for cargo getting on vessels. From May through November this would be the "peak season" where there is a big demand for cargo moving into the U.S., so the Carriers raise the rates during this period, with the GRI (general rate increase), and PSS (peak season surcharge).

Q: What are the usual methods of freight payment?

A: Most freight payments are done with a Company check. However you can also pay with wire transfer or credit card (subject to administrative fee). Payment is sent right around the time the freight is due to arrive, clear customs and be released.

Q: Can I get payment terms?

A: Yes. You would fill out a credit application that we would send you ahead of time, with all necessary banking information and references. Once your credit is approved, you would be granted the appropriate credit amount and length of time.

Q: What can I do to prevent delays and ensure a smooth process of the shipment?

A: Firstly, make sure your supplier overseas (on imports) or if you are the supplier for an export shipment, creates all of the necessary documents correctly (packing lists, commercial invoice, original bill of lading-OB/L) and in a timely fashion, so that all documents are provided with the necessary banks and sent to you (the importer) or your buyer-consignee on the B/L (if you are the exporter) at least 1 week before cargo arrives the destination so that everything can be processed through customs ahead of schedule and freight can be paid along with presentation of the original B/L. One factor that usually slows this process down is when there is discrepancies between the buyer and supplier and since the goods are not paid for, the OB/L has not been surrendered by the Supplier to the Consignee (buyer)

We welcome suggestions and feedback to make this initiative more productive. Do write to us at: focusregion@epch.com.