Field Dairy

Visakhapatnam- A Catalyst for Multi-modal Connectivity and Port-led Industrialisation

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About the Field Visit

Under the project entitled ‘Enabling a political economy discourse for multimodal connectivity in the BBIN sub-region (M-Connect),’ a team from CUTS International comprising Suresh P Singh and Jithin Sabu visited Visakhapatnam in March 2021. The purpose of the visit was to assess and investigate the infrastructure, trade logistics and stakeholder consultations to explore ways and means to encourage and promote multimodal connectivity among BBIN countries.
Towards the Port City, Visakhapatnam

CUTS team landed in Visakhapatnam airport, which is located in a distance of 7 km from the city centre. This is an emerging airport where expansion activities are currently ongoing. Vizag is the short name for Visakhapatnam, which was formerly known as Vizagapatam and Waltair. Moving from the airport to the place of accommodation in the city centre, the roads seemed well maintained and relatively less crowded.

Visakhapatnam lies between the Eastern Ghats and the Bay of Bengal's coast, and it is the second-largest city on the eastern coast of India. In its contribution to the GDP, Visakhapatnam is one of the top 10 fastest growing cities in the country.

![View of Visakhapatnam city from Kailasagiri hilltop](image)

Visakhapatnam port was declared as the second gateway port in India for Nepal-bound cargo, by the Government of India in 2016. This all-weather, 24*7 operating port has a draft of 16.5 meters along the berth, one of the deepest in the entire country. The port is located only 12 km away from the Golden Quadrilateral. It has direct rail linkages to inland container depots (ICDs) in Hyderabad and New Delhi and major industrial regions, such as Raipur in Chhattisgarh, Nagpur in Maharashtra and Jharsuguda and Kalinganagar in Odisha. Cargo from Visakhapatnam moves to Nepal and Bangladesh.

**CONCOR Multimodal Logistics Park and Nepal-bound Cargo**

Visakhapatnam, announced as the second gateway port for Nepal bound cargo after Kolkata-Haldia, is now handling more cargo to Nepal than Kolkata-Haldia. This is despite double the distance from Visakhapatnam to Nepal compared to Kolkata. The efficient port handling and lower sea freight costs from Chinese ports to Visakhapatnam compensate for the comparatively higher rail freight costs to Birgunj.
Due to capacity constraints in Kolkata, there is a high delay in loading containers into cargo trains. Importers from Nepal have complaints about high detention and demurrage and long container dwell time in Kolkata. They have to pay the penalty for delaying to return the container as it takes almost 30 days for the importers to return the container to Kolkata. Importers are satisfied with the current service from Visakhapatnam port. CONCOR plays a major role by taking responsibility for the Nepal-bound consignment till it reaches Birgunj from Visakhapatnam.

The team visited the Multimodal Logistics Park of CONCOR in Visakhapatnam. As the containers are Electronic Cargo Tracking System (ECTS)-enabled, the importers can track their consignment, thus giving more safety assurance and transparency. A large volume of containerised cargo moves from Visakhapatnam to Nepal through CONCOR.

Nepal-bound cargo only moves through the Raxaul border, but feasibility studies are going on to make the cargo movement possible through other borders such as Nautanwa. In the pre-COVID times, an average of 42-45 trains (58, the highest) moved from Visakhapatnam to Nepal per month. Even though the pandemic reduced the business, CONCOR manages to send 30 trains a month on an average to Birgunj currently. In normal times, it takes around five days on average for the trains loaded with containers to reach the Nepal border from Vizag, even though it took only two to three days during the lockdown.

During the stakeholder visits, the team was informed that ICD Birgunj could only handle one rake per day even though CONCOR can move 1.5 rakes in a day. If the facility is developed in Birgunj or if alternatives are created, then when trade recovers after the pandemic induced shocks, CONCOR can transport containers in their full capacity to Nepal.
Visakhapatnam Port

The team visited the port and consulted various stakeholders associated with it. The port has three harbours -- the outer, inner and fishing. The outer harbour has six berths, including the two for the container terminal (VCTPL). These berths are capable enough to handle vessels with a draft up to 17 metres.

During the visit, construction work was going on for expansion of berth length from the existing 450 metres to another 395 metres. This will make it possible to berth three mother vessels simultaneously for loading/unloading activities, whereas currently, it can berth one mother and one smaller vessel. A deep draft Oil Tanker Terminal (OSTT) for berthing tankers of size up to 150,000 DWT and draft up to 17 meters is available. Vizag General Cargo Berth (VGCB), a deep draft berth at outer harbour having a quay length of 356 metres to handle up to 18.10 meters draft vessels, is available for handling import of Coking coal and Steam coal.

The inner harbour has 18 berths, which are panamax compatible. The seven multipurpose berths in the inner harbour can accommodate vessels up to 14.50 metres draft. A long overhead conveyor system with a length of 4.8 km (one way), a surge bin of 2,000 tonnes capacity, and a ship loader with a assigned capacity to load iron ore at 8,000 tonnes per hour are available to deal with iron ore. The loading conveyor belts are overhead, running at 10-12 metres above the ground level. The harbours are protected from cyclones by the Dolphin’s Nose hill to the north of the entrance channel.

The team learned that iron ore, manganese ore, steel products, general cargo, coal, edible oil, liquid cargo, engineering items, chemicals, fertilisers, marine products and crude oil are the main commodities handled at Visakhapatnam.
During the discussions with stakeholders, concerns arose about the increasing number of small and private ports near the Visakhapatnam port that takes away the cargo traffic from the major port. The team was also apprised about the shortage of containers internationally, which is affecting exports. The cargo, which went in containerised form, started moving in a bulk cargo state due to the shortage of containers. One such example is the rice of superior quality, which is now moving as bulk cargo.

The team was informed that Coastal Shipping Agreement between India and Bangladesh is not allowing third-country cargo movement through the coast of both countries. If third-country cargo movement is allowed, then cargo coming through Singapore can be diverted through Visakhapatnam. Cargo coming from countries, such as China, can be brought to Visakhapatnam likewise. Allowing third country cargo movement will also help solve vessels returning empty by providing ensured two-way cargo.

Visakhapatnam port, awarded with the second cleanest port in India in 2018, has taken several green measures. It is entirely dependent on solar power for its energy requirements.

**Multimodal Connectivity Status**

Visakhapatnam port is rail connected and has the largest rail network amongst Indian Ports with over 200 km rail length, over 30 Sidings and ~60 per cent rail coefficient. For facilitating quick transportation of EXIM cargo, the port has enabled a close interface with East Coast Railway’s Waltair Division. The upcoming East Coast Dedicated Freight Corridor between Vijayawada and Kharagpur in West Bengal via Visakhapatnam will be an added advantage. The Visakhapatnam Airport is the nearest within an 8 km distance from the port. The port is located only 12 km away from the Golden Quadrilateral...
and connected with NH16. The total road network within the port limits is about 85 km. The CONCOR multimodal logistics park is located within an 8 km distance from the port.

Gangavaram Port: Deepest Port in the Country

CUTS team visited the Gangavaram port in the northern part of Andhra Pradesh. This is the deepest seaport in the country, with a depth of 21 metres, that can handle fully loaded super cape size vessels of up to 200,000 DWT. Gangavaram port is covering an area of 1,800 acres and has nine berths. The turnaround time inside the port for a super cape size vessel, including the loading/unloading time, is 4.5 days, which is a very competitive time compared to most other ports in India. The port does not currently handle containerised and liquid cargo.

Iron ore, fly ash and steel are some of the major products dealt in Gangavaram port and the export cargo to this port mainly comes from eight states in East, West, South and Central India. This port is suitable for the dumping of bulk cargo, as it is spread over a large area and has more than 750 acres of customs notified dump yard. 15 rail sidings are available in the port. The Customs office operates inside the port. 9 large godowns are available in the port and three out of the nine berths are entirely mechanised. 593 people from families that lost their land and livelihood for the port's construction are given employment opportunities inside the Gangavaram port.

A Strong Case for Port-led Industrialisation

Once a small fishermen hamlet, Visakhapatnam developed into a metropolis after developing the Visakhapatnam port and Hindustan Shipyard Limited, now providing a strong case for port-led industrialisation in India. This fast-growing city is the major industrial hub in Andhra Pradesh, ranked number one state in India in the ease of doing business rankings 2020. The Visakhapatnam port played a major role in bringing investment to various sectors, such as IT and Pharma, MSMEs, heavy engineering and services sector in the state at different phases. Visakhapatnam has emerged as the largest tourism, pharma and IT hub now.

Visakhapatnam port established in 1933 by the British facilitated shipping of oilseeds, muslin cloth, jaggery, manganese, jute and indigo from

Recent copy of Vizag Industrial Scan, which lists new developments in industrial sector of Andhra Pradesh
various places. There were exports to the United States, United Kingdom, Myanmar and the Middle East from this port from the days of beginning.

Keeping in mind the strategic location of Visakhapatnam, a premier Shipyard was built here, the present Hindustan Shipyard. Headquarters of two major PSUs: Dredging Corporation of India Ltd. (DCIL) and Rashtriya Ispat Nigam Limited (RINL), are located in Visakhapatnam. It also houses a ship-building centre that makes nuclear-powered submarines.

A Naval base, which is very futuristic, is coming up in the city. Bhabha Atomic Research Centre (BARC) is developing a unit in the suburbs of Visakhapatnam. Visakhapatnam also houses two mega power plants: one by NTPC and another by Hinduja National Power Corporation Limited. India’s first underground storage caverns of LPG and crude are also here.

Developed by the Ramky Group, Jawaharlal Nehru Pharma City (JNPC), an exclusive cluster for the pharmaceutical sector, is a city’s secret pride. There are several other Special Economic Zones (SEZs) in the city. AP Special Economic Zone-Atchutpuram, Visakhapatnam Special Economic Zone-Duvvada, IT SEZ at Rushikonda and Gambheeram are to name a few. India’s first exclusive medical devices manufacturing park under the Make in India initiative is also in Visakhapatnam.

Once the significant IT parks such as the Raheja are developed, the industry of IT in Visakhapatnam, mainly into the business process management sector, is expecting a significant leap forward. The city has multiple Container Freight Stations, such as Sravan CFS, with world-class infrastructure.

With around 3,000 enterprises, the MSMEs sector here provides direct employment to two lakh people. Industrial estates are spread at Gajuwaka, Agnampudi, Pedagantyada, Gambheeram and Kurmannapalem. Having 143 large industries, Visakhapatnam has an employee force of over one lakh.

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The CULTS team was lucky enough to visit some of these SEZs, including Pharma City and APSEZ. At the same time, it also visited CFSs of Sravan Shipping during the field survey in Visakhapatnam. While interacting with Andhra Pradesh Chambers of Commerce & Industry Federation members, the team was informed about the low representation of women in trade.

The Federation has recommended the state government to construct industrial infrastructure in public land and lease it to women traders so that the financial constraints can be overcome to a limit, thus encouraging women participation in trade and allied activities.

While returning from Visakhapatnam, the team wished all the port cities and other business centres in India to learn from Visakhapatnam in port-led industrialisation and multimodal connectivity. Let the development dreams of this Indian city on the eastern coast get realised soon.