

# INDIAN PORTS & INFRASTRUCTURE

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## DIGHI PORT PROJECT

*An integrated infrastructural project in India*



face to face  
WITH

**Alfred Tuinman**

Managing Director  
CS India Steel  
Goa



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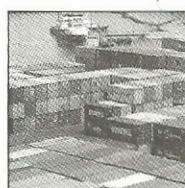


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All state governments work independent but clearly Gujarat, with a superb maritime board has beaten all of them.

Shri Alfred Tuinman did his Bachelor in Zoology in Sydney, his Master in Finance in Amsterdam, and a Certification in Information Systems Auditing in cyberspace. This was followed by a couple of short executive courses at HBS & INSEAD. During his student days he co-founded Odyssey Tours which today remains a successful inbound tour operator in India. This made him settle in Goa in 1993 and five years later he married a Bengali lawyer. What is the link between zoology and shipbuilding? Zoology is all about the agility to adapt to environmental changes rather than depend on sheer strength. Over the years many large shipyards have closed their doors while small yards managed to carve a specialised niche for themselves. Alfred is a regular public speaker on all issues related to strategic organisational management. He co-authored of the text book "Managing International Trade & Investment" and, if time permits, he contributes to his website Our Man in India.com. Currently Alfred is the CEO of CS India Steel Pvt Ltd, a pre-fabrication specialist and 100% subsidiary of the famous Centraalstaal group.

During the interaction with 'Indian Port and Infrastructure Review', Shri Alfred Tuinman shared his perception regarding the future of Ports and allied industries in the years to come. Here are the excerpts:



**With your involvement in the industry for more than two decades, what are the major changes you have witnessed all this period?**

One should recognise that shipbuilding is still in its infancy. CSL was only established in 1969. The largest private yards are less than a decade old. The boom came in 2004-2008. Unfortunately, Indians being optimistic by nature, the industry was not prepared for the economic slowdown in 2009.

**Could you please re-capitulate your journey to the present destination?**

I have come to India since 1982 and settled here in 1993. Five years later I married a Bengali lawyer. In 2002 we went for a prolonged holiday to Holland only to be forced, for family reasons, to stay there for six years. I worked on a global project for the Shell group and outsourced the Dutch internet bank for the ING bank to Wipro. One day in late 2007 I received a call with therequest to set up a greenfield shipbuilding preprocessing plant in India, a challenge I was pleased to be able to accept. In 2008 I set up the factory with all the



licenses required and in 2009 we commenced the production.

Parallel to the above I have seen the Dutch maritime industry in the nineteen seventies shrink and specialise in order to survive the competition from Korea and Japan.

**As a Managing Director, what are the challenges and obstacles you have faced in the organisation?**

My customers, shipyards, are my own competitors in that traditionally all yards do all the work themselves. Yards try and do all the work themselves but in the process do not do it very well. Quality is still not much of a criteria, the price is. Yards should regard themselves therefore as high technology integrators and utilise high end high tech suppliers.

**What is your perception regarding the current market trends for port and allied sector? What would be the growth trajectory for this sector in India vis-à-vis the world?**

There is no doubt that ports will grow dramatically. Rather than create dozens of ports it would be much better to create a few huge maritime hubs along the model of Rotterdam, Shanghai and Singapore. Otherwise the allied sector will be spread too thin. Remember that the latter is getting gradually more and more high tech moving from low cheap labour to highly qualified staff. Another reason for maritime hubs is that the link to the hinterland is absolutely crucial yet very expensive.

**What are the challenges and opportunities you see in the coming years for the industry?**

Ports will do really well but shipyards will have a tough time with a number of players dying a slow death unless the government bails them out by granting them naval orders. Due to not adhering to delivery schedules yards in India have acquired a bad reputation that will haunt them in the years to come till they prove their ability to adhere to timelines. India has a good potential though in ship design which is all IT based.

**India is blessed with largest number of younger population in the world. What is the percentage of employment in the industry overall in the country? What would be the contribution of your Group? What would be the ratio of direct and indirect employment? How? What is the future potential?**

All our staff are on direct employment basis. We spend so

much on training that we cannot afford to keep staff on an indirect basis. We do not need many staff but prefer smart skilled people. As a high end supplier we are very much a Learning Organisation and will remain so in the future in order to provide the value add that our customers demand.

**What are the steps taken by your GROUP to motivate the employees of the organisation?**

This is very much a cultural issue. Having worked for blue chip companies I have implemented similar Best Practices, for example for HSSE, which motivates staff a lot.

**How would you look at China, and what according to you, should be the strategy to be adopted by the Indian ship manufacturers to stay ahead?**

It is impossible to compete with China or Vietnam. India should concentrate on offshore supply vessels which are high tech rather than the mass market of bulk carriers. For similar reasons European yards are the number one in cruise ships.

**How you evaluate the policies of central and state Governments regarding the development of ports sector?**

All state governments work independent but clearly Gujarat, with a superb maritime board has beaten all of them. Unfortunately, the shipping ministry is not very influential. The PM should give the portfolio to say Kamal Nath and we may see a huge difference. There is Maritime Agenda but that should have been more a call for action like a five year plan. The Indian Maritime sector has a good potential but it will need more than goodwill from the government: subsidies, lower bank loans, naval orders are just a few urgent requirements of the day. After all, it is in the national interest to have a significant maritime industry, not only ports but also ship yards.

**According to you, where would be the future of Ports and allied industries in the years to come?**

The future depends on the government. The industry is too capital intensive to be independent of the government. The IT industry could move and expand pretty much independent of the government. The maritime industry does not have that luxury. Right now a number of yards are already undergoing a corporate debt restructuring. This is bad news for the PSU banks. It is therefore very interesting to see what, if anything, the government will do to stimulate this sector crucial from an economic and defense point of view, for the future of India.