



WISTA India Delhi chapter launched



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The Northern chapter of WISTA India came into being at the India Maritime Week, with the official launch of the Delhi chapter. On Jan. 29 the President of WISTA India, Ms. Sanjam Sahi Gupta, inaugurated the sub-chapter along with Ms. Shantha Martin, WISTA Executive committee member, Ms. Sharmila Amin, Head of WISTA Membership Committee, and Ms. Vinita Venkatesh, Head of WISTA South India.

This chapter had its birth in New Delhi during the HR summit when these women were also invited as speakers at various sessions. The Delhi sub-chapter will be headed by Ms. Sumiit Sharma (from Doehle Danautic India Private Ltd), who spoke at the event on her experience as a WISTA member and the plans she has for the chapter.



Tendering process in Indian maritime supply chain needs revamping

Foreign firms are very apprehensive about doing business in India

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Overhaul business-unfriendly bureaucratic governance model to facilitate greater domestic and foreign investment in Indian shipping, ports and maritime industry.

The paramount role of bureaucracy has a lot to do and explain why Singapore stands on top and India rated at 134th rank down-below in the 'ease of doing business' global index. Small wonder, bureaucratic dispensation alone either simplifies or complicates the various rating parameters of 'ease of doing' for entrepreneurs like 'starting a business', 'dealing with construction permits', 'getting electricity', 'registering property', 'getting credit', 'protecting investors', 'paying taxes', 'trading across borders', 'enforcing contracts', 'resolving insolvency', etc.



Mrs. Nafeesa Moloobhoy surrounded by her daughters Ms. Tehzeeb and Ms. Ghazal

FEI Cargo CSR aids vehicle task of engineering college students



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As a part of its CSR initiative, FEI Cargo has funded the all-terrain vehicle project of K J Engineering College, Pune, set to compete in the Baja SAE India 2014 competition.

The Baja SAE Series is an event for the undergraduate engineering students organized globally by the Society of Automotive Engineers (SAE), USA. The event originated in

the name of Mini - BAJA in the year 1976 at the University of Carolina.

Since then the event has spanned across six countries - USA, Mexico, South Africa, Korea, Brazil and India.

The BAJA SAE tasks the students to design, fabricate and validate a single seated four-wheeled off road vehicle to take part in the series of events spread over a course of three days that test the vehicle for the sound engineering practices that have gone into it, the agility, speed, acceleration, maneuverability and finally its ability to endure the back-breaking durability test.



NEWS SCM professionals share latest knowhow

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SHIP Mercator swings back to reap Rs. 17.15-cr. profit

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PORT Adani all set to clinch rights to run Ennore Port's container terminal project

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LOGISTICS Gateway Distriparks earns Rs. 31.89-cr. profit

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'Despite liberalization of the economy in 1991 we have largely not stepped out of the licence permit raj era' - NAFEESA MOLOOBHOY

Tendering process in Indian maritime...

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Workers working on life rafts and life boats at A. S. Moloobhoy Pvt Ltd.

Ironically, ranked too low on the World Bank and IFC 2013 rating report, we need to introspect whether Indian bureaucracy espouses and reflects the spirit of the Father of Nation Mahatma Gandhi's adage on customer, who said:

"A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so".

This axiom was corroborated by Mrs. Nafeesa Moloobhoy, Managing Partner of the 108-year-old maritime supply company, A.S. Moloobhoy Pvt Ltd, who delivered a presentation on "partnering with maritime industry in India: Opportunities & Challenges" to British Maritime Mission on Dec. 2, 2013. She dealt with topics like maritime supply chain comprising 3 important entities including representative/ distributor, original equipment manufacturers and customers and the consequent challenges of doing business in India. Speaking to Sagar Sandesh, she shared how the Indian bureaucratic system has remained an anathema to both Indian and foreign business entrepreneurs who intend to invest and run their businesses.

Excerpts

Bureaucratic reforms seem to be a broad based remit. Therefore could you respond to specific reform areas that are linked to your line of business like tender reforms wooing more foreign OEMs to bid for shipping industry projects in India?

Many of the foreign OEMs are extremely reluctant to be the lead bidder in most tenders due to the several imponderables in the bid document. Firstly we need greater clarity on taxation like withholding tax and VAT. The fact that different states have different rates of VAT and different interpretations of a central law also makes the Foreign OEM extremely apprehensive about participating; without the handholding of an Indian seasoned partner. Secondly, the whole process should be more "interactive" rather than just stressing on voluminous paperwork and documentation.

A well conducted pre-bid meeting often helps allay many fears and

apprehensions. The tender issuing company must be genuinely open to vendor suggestions; the pre-bid meeting should not just be a formality with monosyllabic replies to all queries raised as - "tender condition remains unchanged."

Unassumingly, we must remember that most well known brands of OEMs have got 40 other countries to choose from and India is just one of them. These countries are more transparent in their tender process. We, therefore, need to make our business environment more vendor-friendly.

Could you narrate the broad challenges faced by foreign firms in dealing with Indian way of doing business with respect to tendering of contracts especially by Government and PSU customers?

I would respond to this question in the context of the maritime supply chain industry where tenders are floated by shipyards, port companies, Government-owned enterprises and the business is to be won through the competitive bidding process.

A lot of terms and conditions are often unfairly one-sided in a tender document, i.e. in favour of the issuing company. The tendering process in India has to be revamped to become fair to both the supplier and the company.

Our Indian tenders will have clauses like copies of purchase orders or contracts of past supplies with prices are to be furnished. These are confidential documents and OEMs are not willing to share this information. Instead, simple references, which can be verified from the internet, should be adequate to prove the creditability of the OEM.

Another clause that often gets tricky is: The joint venture agreement clause. This is often a big no-no for most multinational companies that may opt out of the tendering citing the non-negotiable aspect on disclosure of their JV. As a result of this we lose out on the best technology, products and services!

Recently, there was a tender from the Ennore Port Ltd., which insisted that the offer, if it involved a foreign partner, must be a joint venture which must be registered

in India. Consequent on this difficult clause, the port received only two bids. These are the delays that result as a fall out of difficult clauses in the tender document.

Further, Clauses like "7-year spare support", "all inclusive lumpsum price" by which the tender issuing company truly means that it includes everything connected with the completion of the project and I mean everything, whether mentioned in the tender document or not, makes foreign firms very apprehensive about doing business in India. Words like "jointly and severally liable" scare away the best OEMs!

Could you narrate your own shocks and surprises in dealing with tender terms and conditions?

Yes! We won the contract to supply, install, commission and maintain (aiamc), VHF and SSB sets for an Indian public sector company. The tender document ran into 100 odd pages and though I did read the entire document, I missed out on the small print. Whilst executing this turnkey project, the customer made a demand to

dismantle the existing sets and shift the equipment to another building. This "shifting" is normally not part of an aiame contract and I requested for additional payment for doing this job. However, the officer then pointed out to a Clause in small fine print which states that the aiame includes everything pertaining to the equipment and its satisfactory use by the company, which in turn as interpreted by him, included "shifting of the equipment."

We shifted the equipment, as per his wish, which was working perfectly well, from one site to another a couple of times, at an expensive cost, which was to our account and had not been calculated in the costing of the tender.



Moloobhoys has once again achieved a first in the field of safety. As the exclusive distributors of two leading brands of Pyrotechnics - Painswessex and Comet, it has set up the first Pyros-disposal facility in Wada, Maharashtra

We get many such surprises during the execution of a contract and are willy nilly arm twisted into complying with most of the customers' additional requirements under the "turnkey job" concept.

We now, therefore, add a "contingency fund" to our costing to take care of such surprises. However, there needs to be a fine balance since as a bidder we are always endeavoring to emerge as L1 (Lowest Offer) also!

Burning the midnight oil

In fact, I don't know why entrepreneurs akin to me are still at it! My husband often tells me that if we took the money out of our businesses and invested it in mutual funds, real estate, art, etc, we could party the whole day and still probably earn the same amount of money, net-net, without the stress and strain of business!! But, I guess it's the thrill of achievement and success, when you clock in a good year that keeps "weirdos" like me burning the midnight oil!

What are the bureaucratic bottlenecks that throttle the OEM's enthusiasm and vendor's morale?

There needs to be a paradigm change towards doing business in India. In the present scenario, it is truly challenging. Despite liberalization of the economy in 1991 we have largely not stepped out of the licence permit raj era. Let me share our experience with you.

We have a major bone to pick with the Mumbai office of the Wireless Planning Coordination (WPC) Authority, under the Ministry Of Telecom. We are a supplier of Communication and Navigation electronic equipments in India.

We recently won two major contracts from two public sector oil companies. We expedited the import of the material and wished to clear it post-haste to quickly supply to the customer, who also was in a big hurry.

We hold a valid DPL (Dealer Possession Licence) and should have effortlessly cleared the goods and quickly completed our project. Instead, the WPC Authority in his wisdom, decided to withhold all licences. There was no justification in holding back ours, but since we were part of the Indian Marine Fraternity, we were informed that all licences are currently on hold, ours included.

We got stuck!

On one hand we had the customer, complaining of the delay and threatening to invoke the liquidated damages Clause, which would truly wipe out our wafer thin profit margins and on the other hand we had our bank manager levying huge interest charges on our overdraft account. The material was sitting in our bonded warehouse, but due to this sudden "attitude change" of the officer we found ourselves in a death trap! After much begging and pleading we finally got the licences! I can assure you that my morale plummeted to its very lowest!

Could you throw more light on the WPC process?

Importing and selling of transmitting equipments within the country require a WPC licence. Traders and stockists, like us, hold a DPL licence, enabling us to stock Communication and Transmitting equipments. We are permitted to sell these equipments to all such end-customers who are also registered with the WPC authorities and have valid Mobile Ship Station licences.

Tell us about the OEMs you work with and how they correlate with the portfolio of businesses that you are involved in?

We have about 20 OEMs currently working with us and most of them are big names in the marine industry. We work with Furuno for Marine Communication and Navigation equipments, Drew Marine, for Pyrotechnics and Marine Chemicals, Vanguard for Lifeboats, RFD for liferafts and Southern Avionics for Non-Directional Beacons. One of the brands that we work with, Pains Wessex/ Comet, we have represented for over 50 years, drew for over 24 years. We firmly believe that we are "custodians" of the brand name and business of our OEMs and that it is our bounden duty to ensure that their affairs are well looked after in our country. It is



Dr. A. P. J. Abdul Kalam, former President of India, and Nafeesa Moloobhoy having an interaction at the Shipping & Marine World Expo on Feb. 13, 2008.

with this philosophy in mind that we seldom lose an OEM.

Give us a short summary of your business and about your growth plans?

We have had the honour and distinction to serve the maritime industry in India for 108 years. Our portfolio of services range from sale of electronic and life saving equipment to defense related products such as life raft and lifeboat servicing, electronic servicing and SRT surveys.

We started our company dealing only in life saving equipment and later added electronics and now are into training too. I firmly believe that the only thing sustainable to a company is: Profitable, Cash Flow & Positive Growth and therefore we add new verticals and divisions to our portfolio each year.

This year we are looking forward to expanding our lifeboat business and winning and executing turnkey projects which we have quoted for. VATMS is an exciting project and we are closely associated with VISSIM AS, a Norwegian company, which has undertaken the VATMS project for Statoil in Norway.

What is your philosophy towards training and mentoring your successors

namely your daughters towards taking the organisation to great heights?

I was a housewife till Sept. 1. 2001 when I decided to take up the reins of my husband's company. During the initial years I was on a learning curve, understanding the business and later consolidating. Currently I am right steering our company through the tough times of recession, and preparing the infrastructure and ground work - to flourish, once the good times are here again!

My philosophy is On the Job Training (OJT), which is the way I learnt the business. Though I do guide, coach and mentor not only my daughters, but also a core team of very able colleagues, all of whom, I hope, will carry on the business for the next 100 years, after I retire in the next nine. However, I firmly believe that we each need to make our own mistakes, which is the best way to learn, so though I do guide and audit, I do also allow people the freedom to function and make their own mistakes. After which, they do get careful, but I always stand behind them to the world at large and together we right a wrong and learn never to do it again !!