



# Atlas Insight

June 2011

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## 'Rising India food imports require investments in port warehousing'

Indian banking system hasn't been able to fully come to terms with the credit and financing needs of the agriculture industry as financial inclusion in rural areas continues to be a focus area and therefore farming community



continues to be under the grip of local money lenders. However, some banks have been innovative in addressing the agri-related issues and have indeed come up with solutions be it funding for technology, crop loans or advisory services. YES Bank is one among them.

Under the leadership of Rana Kapoor, Founder, Managing Director and CEO, YES Bank has undertaken pioneering initiatives for the development of agri-infrastructure on a Public Private Partnership (PPP) mode. He was

conferred with Doctorate in Science by GB Pant University of Science and Technology recently for YES Bank contribution to agriculture.

In an interview to Sreekumar Raghavan of Commodity Online, Mr Girish Aivalli, Group Executive Vice President & Country Head, Development Banking, YES BANK pointed out that Indian farmers are still under the clutches of middlemen as they are fragmented and several issues related to infrastructure have to be addressed and large format retail stores are needed to curb logistic costs. India will soon become a major importer of food and what is required is investments in port warehousing. Excerpts:

Sreekumar : Indian agriculture continues to be plagued by problems and most often farmer s don't get a remunerative price for their produce and also don't get timely credit. However, there are other problems related to storage and market infrastructure.

*Continued on page 2...*

## EDITORIAL BOARD

Agnel N Mathew  
Thomas C P

## PUBLISHER

Atlas Logistics  
#138, Maruthi Towers  
HAL Airport Road, Kodihalli,  
Bangalore -560 008  
Tel. +91-80-41985000  
Fax. +91-80-41153933

[insight@atlaslogistics.co.in](mailto:insight@atlaslogistics.co.in)  
[www.atlaslogistics.co.in](http://www.atlaslogistics.co.in)

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## Editorial - WE DO NOT EXIST FOR OURSELVES

Our success depends on the support of other people.

The only hurdle between we and what we want to be is the support of others.

Put ourselves in another's place and we will know why they think and do certain things. We can succeed

fastest by helping others to succeed. Always think in terms of what the other person wants. We will get everything in life that we want if we will help enough other people get what they want.

Doing things for others always pays dividends.

Personal relationships are

the fertile soil from which all advancement, all success, all achievement in real life grows. We are not an isolated island. We are a piece of the planet, a piece of the universe. When we help someone's boat across a river, we will find our own boat has reached the shore too.

## Continued from page 1... 'Rising India food imports require investments in port warehousing'



Considering the fact that YES BANK pioneered the Modern Terminal Markets to shorten supply chain in association with Agriculture Ministry how do you think the market infrastructure and warehousing issues can be addressed at the national level?

Girish Aivalli: The current system allows for farmers to sell their produce only at designated mandis. Various states have introduced reforms in their APMC acts allowing for private sector participation and for direct procurement from the farmer.

However, while as one may go in for direct buying, the sheer scale of fragmentation of landholdings in India, makes direct aggregation a very difficult task.

The farmers come in their carts or tractors with limited quantities – and hence the throughput per buying center tends to be very less. Add to it the challenges of ensuring continuous procurement, physical cash payment, availability of gunny bags and associated infrastructure

– and what emerges is a very costly proposition. In spite of all the talks around too many middlemen in India, I would say that they are a consequence of fragmentation and non-developed large retail format stores.

Unless and until either one of them can pick up in a big way, the middlemen will continue to play a role in aggregation. On the storage front, it is clear that we do require location specific investments to flow in. Very soon, India will be a major importer of food items. So, investments in port warehousing can be a smart thing to do. Typically, port warehouses also have a better occupancy rate.

SK: Indian businesses are looking forward to making more agribusiness investments abroad especially in Africa while at the same time more and more productive agriculture lands are diverted for industrial purposes? Do you welcome this trend?

GA: Investments in Africa are for two reasons – either the firms wish to have dedicated supplies for their major raw materi-

al ingredient or they wish to play a role in growing the crops that Africa currently imports and hence addressing a ready market.

Further, there are ceiling limits on land ownership within India, and they vary from state to state. These have no correlation to land diversion issues that you write about. And, as Indian economy grows, I would say that what we are seeing is a natural consequence of such growth.

SK: India has both agri-futures trading and Minimum Support Mechanism (MSP) to minimize crop risk arising out of uncertain market conditions. Do you think agri-futures contribute to food inflation and how effective government MSP mechanism is in giving fair prices for the producers?

GA: Agri futures trading are a means of hedging against commodity risk. So, they are essentially risk mitigating tools. There are examples of other nations where agri-futures has been working very effectively without any correlation with food inflation. Let us remember, that food inflation is a function of demand-supply mismatch. Nothing else.

All other factors can at best be a temporary blip on your inflation monitor, but never a long-term feature. The government MSP mechanism is an assurance to the farmer on ensuring an income security against his produce. It has been effective in rice and wheat, the two major crops that a farmer grows and sells – and the government has been revising these often.

SK: Do you welcome the entry of large corporates investment in agriculture, will it be harmful for the farmers?

GA: Investment in agriculture and agribusiness is always welcome. I don't think that this will be harmful for the farmers in any way. On the contrary, such investments typically either lead to higher productivity or better price realization – both of which are beneficial for the farmers.

SK: Our pulses production continues to lag behind demand while we have self sufficiency in food grains? Do you think we need an integrated strategy to ensure that we become a major food producing as well as exporting nation impacting key commodity markets worldwide?

**Continued on page 3...**

### Continued from page 2... 'Rising India food imports require investments in port warehousing'

GA: For that to happen, we need to first have a policy on population. We cannot have a situation where we have more mouths to feed every

year, as well as an aspiration to export food. Increasing population has an effect on fragmentation of land holdings, food inflation etc.

The government is aware of the situation on pulses and there is an urgent need for R&D to improve yields of pulses, revival of the dal milling industry,

captive pulses farming in Africa, educating the farmer on farm economics of pulses and how it can be a profitable venture.

### ICC denounces G20 rise in protectionism

The International Chamber of Commerce (ICC) is urging G20 leaders to keep markets open to trade, following worrying results from a recently released WTO-OECD-UNCTAD report that G20 countries are increasing protectionist measures.

The joint report by the World Trade Organization (WTO), the Organization on Economic Cooperation (OECD) and United Nations Committee on Trade and Development (UNCTAD) on G20 trade and investment measures, released May 24, found that more new trade restrictive measures have been implemented in the past six-month period than in any previously reported period. From October 2010 to April 2011 alone, G20 members implemented 30 new export restrictions.

This occurred despite the G20's reaffirmation at the 2010 Seoul Summit to resist protectionism until the end of 2013. G20 leaders had agreed early that year, at their Toronto Summit, to

withdraw any protectionist measures in the pipeline, including export restrictions and WTO-inconsistent measures for stimulating exports. The WTO-OECD-UNCTAD report reveals that the exact opposite is taking place.

The joint report further confirms an ICC-commissioned study, released by the Peterson Institute for International Economics in 2010, stating that all G20 countries have implemented protectionist trade measures since 2008. According to Global Trade Alert, G20 countries applied discriminatory measures worth \$1.6 trillion, or 10 per cent of all world trade, in 2008 alone.

"Given that the results of the WTO-OECD-UNCTAD report are based on self-reporting from G20 countries, and that they most likely reported only what was

necessary, we can assume that trade protectionism is actually worse," said ICC Secretary-General Mr Jean-Guy Carrier. "This worrying trend undermines policies for economic recovery and job creation, at a time when the world economy remains at risk."

Concerns in the global business community about this protectionist trend have prompted ICC to put into place its own indicator to monitor market openness. The Open Market Index will provide an annual ranking of the 50 top trading countries by order of their openness to trade and investment. This private sector indicator to monitor protectionism will be launched ahead of the G20 Summit being held in Cannes, France on November 3-4.

"The G20 leaders must come together to ensure the successful conclusion of the Doha Round. This is

more critical than ever given that protectionist measures, which they had committed to scaling back, have actually been increasing since the financial crisis began," said ICC Chairman Mr Gerard Worms. "A successful conclusion of the Doha Round in 2011 would inject crucial trade growth into the global economy, boosting business confidence and fuelling the private investment that is the key to creating jobs".

Achieving the Doha Development Agenda would provide the world economy with a debt-free stimulus package, thereby sustaining global economic growth. Implementing what is already on the table would generate a \$ 68 billion annual increase in world exports. But, by some estimates, a final Doha Round agreement could eventually contribute as much as \$ 280 billion annually to global GDP.

## Container shortage to continue into 2011 - World Shipping Council



The World Shipping Council in its latest Container Supply Review said that container shortage is to continue into 2011 and will affect the peak season with three million TEU fewer in 2011 compared to the historical industry-standard level. Slow steam-

ing is also having an impact, accounting for boxes being held longer by carriers and having fewer available for re-deployment for fresh consignments in any given period. A separate report from SealIntel, cited by the WSC, said that slow



steaming is a big factor in reducing the container fleet, with carriers employing 10% less, down by 5%, on long voyages such as Asia to Europe which require more boxes regardless of slow steaming use. Exim News Service reported that despite global cargo demand up by 11% and container production increase of 26% in comparison to 2008 levels, and



2009 when production dropped to lows of 450,000 TEU from a three million TEU average yearly over a five year period, the WSC reports continued container imbalance.

## Govt decides to stop tax incentive scheme for exports

The government of Asia's third-largest economy loses \$1.8 billion from the Duty Entitlement Pass Book (DEPB) scheme, revenue secretary Sunil Mitra said.

The move to phase out DEPB on June 30 was condemned by industry officials who said withdrawing incentives without an alternative would hurt export growth.

"This is something which is really very disturbing," said Sanjay Budhia, chairman of the national exports committee at the Confederation of Indian Industry, a trade body that lobbied against the reform.

"This is going to hurt the auto industry tremendously," Sugato Sen, a

senior director at the Society of Indian Automobile Manufacturers, told Reuters.

Under DEPB, the government reimburses exporters for some 80 billion rupees of taxes paid on imported supplies.

Exports from India have recovered strongly from the doldrums of the global economic slowdown, touching \$246 billion in fiscal year 2011.

The country's trade minister said in April the nation hopes to grow exports by at least 25 percent next year.

Mitra said the export sector was healthy enough that incentives were no longer needed.

Big exporters of manufactured goods from India include car makers Maruti Suzuki and the local operation of South Korea's Hyundai Motor Co.

About 25 percent of India's exports, or around \$70 billion, could be affected by withdrawal of the tax incentives, the Federation of Indian Export Organisations has said.

"Especially for the two-wheelers, and the small and medium commercial vehicles, which are exported in significant numbers, they will be hit," he said.

India is increasingly seen as a production hub for global automakers as rising cost pressures at home drive them to source from countries with cheaper labour and parts.

Automakers exported \$4.5 billion worth of vehicles from India in the fiscal year ended March 2010. Express expect the total to reach \$12 billion by March 2014.

"It's a very big shock because as it is the garment industry is suffering from high input costs and shortage of labour," said Manish Mandhana, managing director of textile firm Mandhana Industries, whose clients include brands like Tommy Hilfiger and local retailers such as Pantaloon Retail.

"We have big capacities built up in the textile sector and today we are already losing out...We will lose out more business to neighbouring countries," he said.

## Government approves 61 infrastructure projects

PTI reported that as many as 61 infrastructure sector projects, whose progress is monitored by the ministry of statistics and program implementation, were approved by the government without any completion deadline. The latest report of the ministry said that "61 projects worth over INR 150 crore have been sanctioned without any commission schedule." Besides, it said that "In case of 87 projects, neither the year of commissioning nor the tentative gestation period of projects has been reported by the concerned ministries implementing those projects."

The government is working on a USD 1 trillion investment target for infrastructure projects in the 12th Plan (2007-12) with over 50% contribution from the private sector. Ministry of statistics and program im-



plementation, which is monitoring 565 such infrastructure projects, has reported delays in 285 projects, which would result in anticipated cost overrun of

INR 1,22,091.28 crore. The original cost of implementation of the 565 projects, worth over INR 150 crore each, was about INR 604,245.71 crore. Their anticipated completion cost is likely to be INR 726,336.99 crore. Out of the 285 delayed projects, at the end of February this year, as many as 37 projects are delayed by 67 months. The time overrun ranges between 25 and 60 months for 112 such projects. There are 67 infrastructure projects which are delayed by 13 to 24 months. Railways seems

to be the worst performers, as out of its 145 monitored projects by the ministry of statistics and program implementation, 57 projects do not have fixed date of commissioning and 35 projects were sanctioned without any commissioning date. The cost overrun on Railways projects is 78.4%. The total original cost of implementation of these 145 projects, when first sanctioned, was INR 68,682.72 crore. This was subsequently revised to INR 122,500.87 crore.

## India, China to see strongest boom in air transport volumes

Worldwide air transport volumes are set to double within 15 years, given the average annual growth of 4.5%, and by the year 2050 they will have increased six-fold, to around 3 billion tonne-kilometres transported. The strongest boom in the sector is expected to be in Asia – particularly India and China – as well as in the Middle East. The Middle East is set to witness a rapid expansion in air travel including a very fast increase in the size of the fleet serving the region, driven by its major hub carriers

(Emirates Airlines, Etihad Airways and Qatar Airways), Fadi Majdalani, Partner with Booz & Company said. The report added that currently, air transport accounts for just 2% of global CO2 emissions. However, given the expected advances in technology and the forecast rates of growth, this share is set to increase disproportionately over the decades ahead. Despite significant technological innovations with new types of aircraft, it is particularly the long working life of aircraft

(between 30 to 40 years), which means that improvements in efficiency only gradually take effect over the entire international fleet. As a result, the presumption is for a 3% year-to-year increase in worldwide CO2 emissions from aviation. This would increase CO2 emissions from this transport sector more than three-fold by 2050, despite the assumed efficiency improvements. These forecasts stand in stark contrast to the ambitious self-imposed climate protection targets the inter-

national aviation sector collectively adopted in 2009. Building on a targeted 1.5% annual improvement in fuel and CO2 efficiency through to 2020, the industry aims to grow CO2 neutrally from 2020 onwards. For 2050, the aim is to go so far as to achieve a 50% net reduction in emissions, compared with 2005. "In freeing itself from this strategic dilemma, there is no route map for the international aviation industry that doesn't involve bio-fuels," Booz & Company Partner and Air Transport Expert Jurgen Ringbeck said.

## Govt to ban new port projects in high erosion zones

FOR projects coming up in eco-sensitive areas and those having multiple units, the Ministry of Environment and Forests is considering a proposal to carry out Environment Impact Assessment (EIA) on its own, instead of merely going by the assessment done by the project promoters.

Speaking to scribes here, Mr Jairam Ramesh, the Minister for Environment

and Forests, said his Ministry would take a decision on this matter by the year-end. According to him, the biggest "drawback" in the current system of EIAs was that these evaluations were carried out by the proponents of the projects and hence were more of a self-assessment.

The Minister also disclosed that the government would be banning

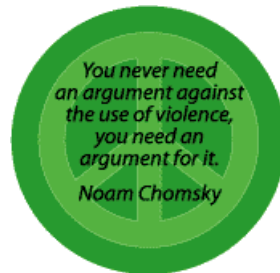
new projects, especially in the ports sector, proposed to be set up in the high erosion zones along the coastline. In this regard, the government is carrying out satellite imagery assessment of the coastline, which will now be divided into three parts i.e. high, medium and low erosion zones.

Work has been completed pertaining to the coastline of Gujarat, Orissa and Puducherry. The Minister

said the government would have in hand imagery of the entire coastline, covering all coastal states, by August this year.

Based on the imagery, Mr Ramesh said, "the high erosion zones will be determined and no new port projects will be cleared at such locations. The existing ports in these zones will be asked to take additional precautions."

## Great Quotes Arguments - Compile By Rajesh, Mumbai



~ Silence is one of the hardest arguments to refute ~  
Josh Billings

~ Waste no more time arguing about what a good man should be. Be one ~ Marcus Aelius Aurelius

~ When you argue with your inferiors, you convince them of only one thing: they are as clever as you. ~  
Irving Layton

~ Don't take the wrong side of an argument just because your opponent has taken the right side.  
~ Baltasar Gracian

~ Discussion is an exchange of knowledge; an argument an exchange of ignorance ~ Robert Quillen

~ I argue very well. Ask any of my remaining friends. I can win an argument on any topic, against any opponent. People know this, and steer clear of me at parties. Often, as a sign of their great respect, they don't even invite me.

~ Dave Barry

~ I love argument, I love debate. I don't expect anyone just to sit there and agree with me, that's not their job ~  
Margaret Thatcher

~ The more arguments you win, the less friends you will have ~ unknown

~ You know that's a really good argument; my position is mistaken', and then they would actually change their minds and you never hear that old view from them again. They really do it. It doesn't happen ~ Dr. Carl Sagan

~ Parents should conduct their arguments in quiet, respectful tones, but in a foreign language. You'd be surprised what an inducement that is to the education of children ~ Judith S. Marin

## The Power of Kindness - Compile By Tasneem, Branch Manager, Pune



Charles Plumb was a U.S. Navy jet pilot in Vietnam. After 75 combat missions, his plane was destroyed by a surface-to-air missile. Plumb ejected and parachuted into enemy hands. He was captured and spent six years in a communist Vietnamese prison. He survived the ordeal and now lectures on lessons learned from that experience! One day, when Plumb and his wife were sitting in a restaurant, a man at another table came up and said, "You're Plumb! You flew jet fighters in Vietnam from the aircraft carrier Kitty Hawk. You were shot down!"

"How in the world did you know that?" asked Plumb. "I packed your parachute," the man replied. Plumb gasped in surprise and gratitude. The man pumped his hand and said, "I guess it worked!" Plumb assured him, "It sure did. If your chute hadn't worked, I wouldn't be here today." Plumb couldn't sleep that night, thinking about that man. Plumb says, "I kept wondering what he had looked like in a Navy uniform: a white hat; a bib in

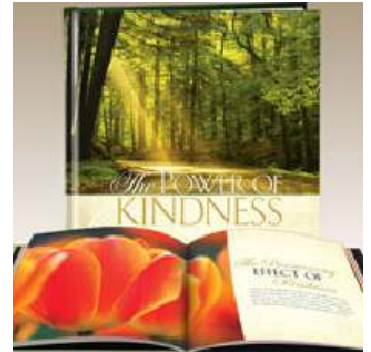


the back; and bell-bottom trousers. I wonder how many times I might have seen him and not even said, 'Good morning, how are you?' or anything because you see, I was a fighter pilot and he was

just a sailor." Plumb thought of the many hours the sailor had spent at a long wooden table in the bowels of the ship, carefully weaving the shrouds and folding the silks of each chute, holding in his hands each time the fate of someone he didn't know.

Now, Plumb asks his audience, "Who's packing your parachute?" Everyone has someone who provides what they need to make it through the day. He also points out that he needed many kinds of parachutes when his plan was shot down over enemy territory - he needed his physical parachute, his mental parachute, his emotional parachute, and his spiritual parachute. He called on all these supports before reaching safety. Sometimes in the daily challenges that life gives us, we miss what is really important. We may fail to

say hello, please, or thank you, congratulate someone on something wonderful that



has happened to them, give a compliment, or just do something nice for no reason. As you go through this week, this month, this year, don't forget to recognize the people who pack your parachutes.

~~~~~

The story about Charles Plumb shows The Power of Kindness. More than anything else, kindness is the one way you can be assured of making a difference with your life. Practicing small acts of kindness changes your own life while also changing the lives of others.

The Pencil Maker took the pencil aside, just before putting him into the box. "There are 6 things you need to know," he told the pencil, "Before I send you out into the world. Always remember them and never forget, and you will become the best pencil you can be.

"One: You will be able to do many great things, but only if you allow yourself to be held in someone's hand."

"Two: You will experience a painful sharpening from time to time, but you'll need it to become a better pencil."

"Three: You will be able to correct any mistakes you might make."

"Four: The most important part of you will always be what's inside."

"Five: On every surface you are used on, you must leave your mark."

"Six: No matter what the condition you must continue to write."



**A disappointed salesman of Coca-Cola returned from his assignment to Saudi Arabia.**

**A friend asked, "Why weren't you successful with the Saudis?"**

**The salesman explained, "When I got posted, I was very confident that I would make a good sales pitch.**

**But I had a problem. I didn't know how to speak Arabic. So I planned to convey the message through three posters.**



**First poster : A man lying in the hot desert sand totally exhausted and fainting.**

**Second poster : The man is drinking Coca-Cola.**

**Third poster : Our man is now totally refreshed.**

**And then these posters were pasted all over the place.**

**"Terrific! That should have worked!" said the friend.**

**"The hell it should have!" said the salesman.**

**"No one told me they read from right to left!"**

### HEALTH TIPS - LIVER DAMAGING HABITS

1. Sleeping too late and waking up too late are main cause.
2. Not urinating in the morning.
3. Too much eating.
4. Skipping breakfast.
5. Consuming too much medication.
6. Consuming too much preservatives, additives, food coloring , and artificial sweetener.
7. Consuming unhealthy cooking oil. As much as possible reduce cooking oil use when frying, which includes even the best cooking oils like olive oil. Do not consume fried foods when you are tired, except if the body is very fit.
8. Consuming raw (overly done) foods also add to the burden of liver.

## TECO - II Unit Motor movement ( Taiwan to Chennai) - Congratulation Taiwan Team

Customer : M/s Larsen & Toubro Ltd / POL : Taiwan , KHH/ POD : Chennai / Cargo Description : Electric Motor

Gross Weight 53600kgs / Volume 88 cbm



## ATLAS VIETNAM CELEBRATES SECOND FOUNDATION ANNIVERSARY

**Dear NK, Harry & Vietnam Team**

Congratulations!

Every thought to grow and become a reality, it needs imagination, conviction, and most important dedication. You and your team has shown to all of us You simply posses these values!

Good luck to you and your team.

Pls convey my sincere appreciation to all our team members at Vietnam.

**Regards, Venkatesh**  
Chairman and Managing Director



## Law of the Garbage Truck

One day I hopped in a taxi and we took off for the airport. We were driving in the right lane when suddenly a black car jumped out of a parking space right in front of us.

My taxi driver slammed on his brakes, skidded, and missed the other car by just inches! The driver of the other car whipped his head around and started yelling at us. My

taxi driver just smiled and waved at the guy. And I mean, he was really friendly.

So I asked, 'Why did you just do that? This guy almost ruined your car and sent us to the hospital!' This is when my taxi driver taught me what I now call, 'The Law of the Garbage Truck.'

He explained that many people are like garbage

trucks. They run around full of garbage, full of frustration, full of anger, and full of disappointment.

As their garbage piles up, they need a place to dump it and sometimes they'll dump it on you. Don't take it personally. Just smile, wave, wish them well, and move on. Don't take their garbage and spread it to other people at work, at home, or on the streets.

The bottom line is that successful people do not let garbage trucks take over their day.

Life's too short to wake up in the morning with regrets, so ... Love the people who treat you right.

Pray for the ones who don't. Life is ten percent what you make it and ninety percent how you take it!

**Have a garbage-free day!**

## *Atlas Insight wishes Happy Birthday to*

**S. Sathyanarayana – Blr (16th June)**

**Shwetha Shetty – Bom (17th June)**

**P Selvarathinam – Tut (17th June)**

**Sachin Kashiram Ghag – Bom (19th June)**

**Banti Biswas – Ccu (20th June)**

**D Nanda Kumar – Cjb (20th June)**

**Subramaniam M. Pillai – Bom (21st June)**

**Santhosh Kumar – Blr (22nd June)**

**Ravindra Kumar K – Blr (25th June)**

**Suvenu Ghosh – Ccu (28th June)**

**Sasidhar G - Vizg (30th June)**

**Ashwin Babulal Rathod – Amd (01st July)**

**Dharmendra Kumar – Del (02nd July)**

**Murugan S – Maa (02nd July)**

**Kaushik Choudhary – Ccu (03rd July)**

**Biswanath Das – Ccu (07th July)**

**Ravasab G Shirahatti – Blr (07th July)**

**Amit Kumar Tripathi – Blr (08th July)**

**S. Pon Selvam - Tut (09th July)**

**Mohan Kumar M – Blr (09th July)**

**Surekha Reddy c – Vizg (13th July)**

**Dinakar V – Blr (15th July)**

**Ruby Johnson – Cok (15th July)**

