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NEW DELHI

## Facing tough fight from courier cos, India Post to tie up with retail firms

- **RETAIL RAGA** : A business development unit has been put in place to rope in private players
- With the move, the department intends to wriggle out of the financial mess it is currently in
- Its experience of selling financial products of PSBs and RBI may come in handy here
- Some post offices are already stocking up soaps and shampoos

INDIA Post could soon turn out to be your neighborhood retail shop as it plans to venture into organized retail, in partnership with private players. This is being done with an aim to leverage its vast network of over 1.5 lakh post offices across the country and pull the department out of red. The Department of Posts (DoP) has set up a separate Business Development Unit (BDU) to look at the possibility of tying up with private players for its retail foray.

"Retail is one area which is high on our agenda. This would help the postal department in overcoming its financial difficulties," minister

of state for communication and IT Jyotiraditya Scindia told ET. "We have worked out a multi-pronged strategy for the make over of India Post and the initiatives would be launched one by one in the next two years," he said. The department is also exploring the possibility of teaming up with media houses for using post offices as a tool of advertisement as the postal department has a wide reach across the country, an official in the DoP explained.

Post offices already sell products like stationary items and financial products of public sector banks and the Reserve Bank of India (RBI). "Post offices already have expertise in retail and we can

bank upon it," Mr Scindia said, on the possibility of tie-ups with big private players, he said the department is open to all kinds of tie-ups depending upon the financial viability of the project.

The move would help post offices make up for losses on account of competition with courier players. Sale of post cards and inland letters has also gone down in the recent past. This, however, does not affect post offices' financials much as the department incurs losses ranging from Rs 2 to Rs 6 per delivery on such products.

It has been learnt that some post offices have already

started stocking up FMCG products like soap, shampoos and cosmetic products to strengthen their balance sheet. Partnership with a private company would give them the much needed leeway for taking the business forward.

Losses of the DoP amount to about Rs 1,200 crore per year, which is often attributed to heavy pension liabilities and subsidised rates of post cards and inland letters. The department spend Rs 1,500 crore per year to take care of its pension liabilities. DoP's other initiatives include proposal to commercially utilise its real estate and entry into the logistics business.

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## Sical Logistics plans to build minor port

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MULTI-MODAL logistic solutions company Sical Logistics plans to build its own non-major port and is currently conducting a feasibility study for the project.

The company is also looking to complete the first-phase of its iron-ore terminal at the Ennore port ahead of schedule.

"At present, Sical Logistics operates on a build, operate, transfer (BOT) basis in ports across the country. However, operating in these ports has its own limitations, that is why the company is looking to build its own port," managing director and group CEO of Sical Logistics, Sudhir Rangnekar, told Financial Chronicle.

He, however, refused to disclose the proposed investment for the port and its location.

The company is aiming to roll out the first phase of its Rs 500-crore iron ore terminal at the Ennore port by December 2009, three months ahead of schedule. The second phase will take another 12-15 months. The terminal will have a total capacity of 12 million tonne.

The iron ore terminal can handle 75,000 tonne ship-loading rate on an average per day and has a stockpile area that can store 2.4 million tones of iron ore. The facility will have a railway wagon unloading system that can handle up to twelve 3,500-tonnes rakes every day.

The company is also setting up road and rail terminal at the Multi-modal International Hub at Nagpur. Once the project is complete, the hub will act as a

catalyst for the tier-II and tier-III cities around Nagpur, Rangnekar said.

While Sical has acquired the licence to operate in all areas in the Railways, it will only work in areas that are profitable, he said.

Meanwhile, the company plans to acquire 45 rakes and has also entered into a contract with Hindustan Copper. Under the contract, Sical Logistics will transport 80,000 tonne of copper concentrate between its factories Malankhand and Ghatsila and about 16,000 tons to Khetri for Hindustan Copper units. "Railway and inland container depots will be the backbone of our business," Rangnekar added.

SICAL/BSE Rs 205.75 NSE Rs 204.20  
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