

A large container ship, the M/V BALZARRO, is shown sailing on the water. The ship is red and white, with a yellow superstructure. It is carrying several stacks of blue and red containers. The ship is moving from left to right, leaving a white wake. In the background, a city skyline is visible under a cloudy sky. The text "COASTAL SHIPPING IN INDIA" is overlaid in large, bold, yellow letters.

COASTAL SHIPPING IN INDIA

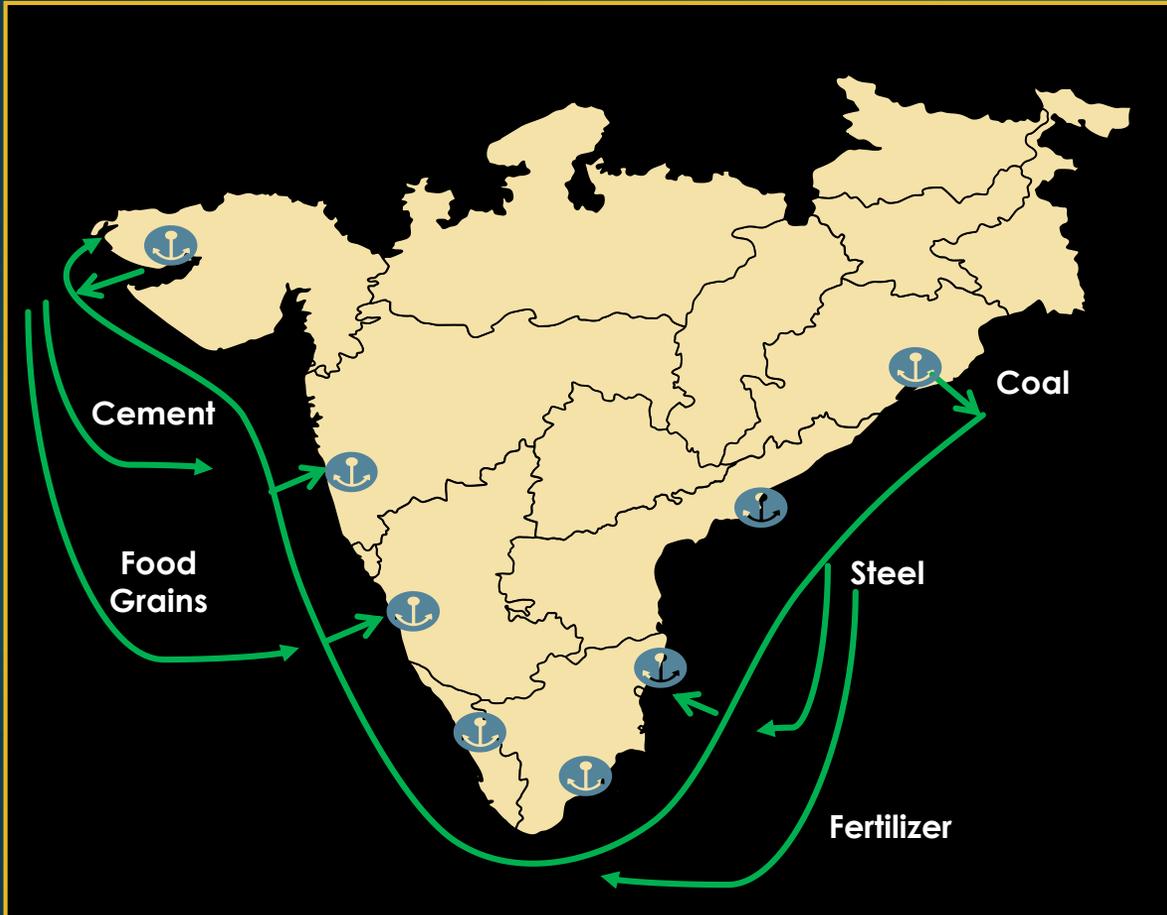
INTRODUCTION

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- ▶ Coastal trade consists of transport of cargo & passengers through Sea along the coast of a country.
- ▶ Typical cargoes mainly include – cement, steel, coal, scrap, oil products, grain, fertilizers, marble, containers and passengers.
- ▶ In India, domestic cargo movement happens primarily through road, followed by railways and a meagre share through waterways.
- ▶ Coastal shipping presently accounts for 7% of overall cargo movement in India. Coastal shipping can be a great enabler to develop economy and reduce logistics costs.
- ▶ The European Union experience has demonstrated that cost of coastal movement of cargoes was about 20 percent and 40 percent that of road and rail movement, respectively.
- ▶ Under the 'Marco Polo Scheme', EU aims to free Europe's roads of an annual volume of 20 billion tonne-km of freight. China is also estimated to move 1 billion tonnes of coal, steel, grains and fertilizers along its coasts through about 12000 specially-built coastal vessels.

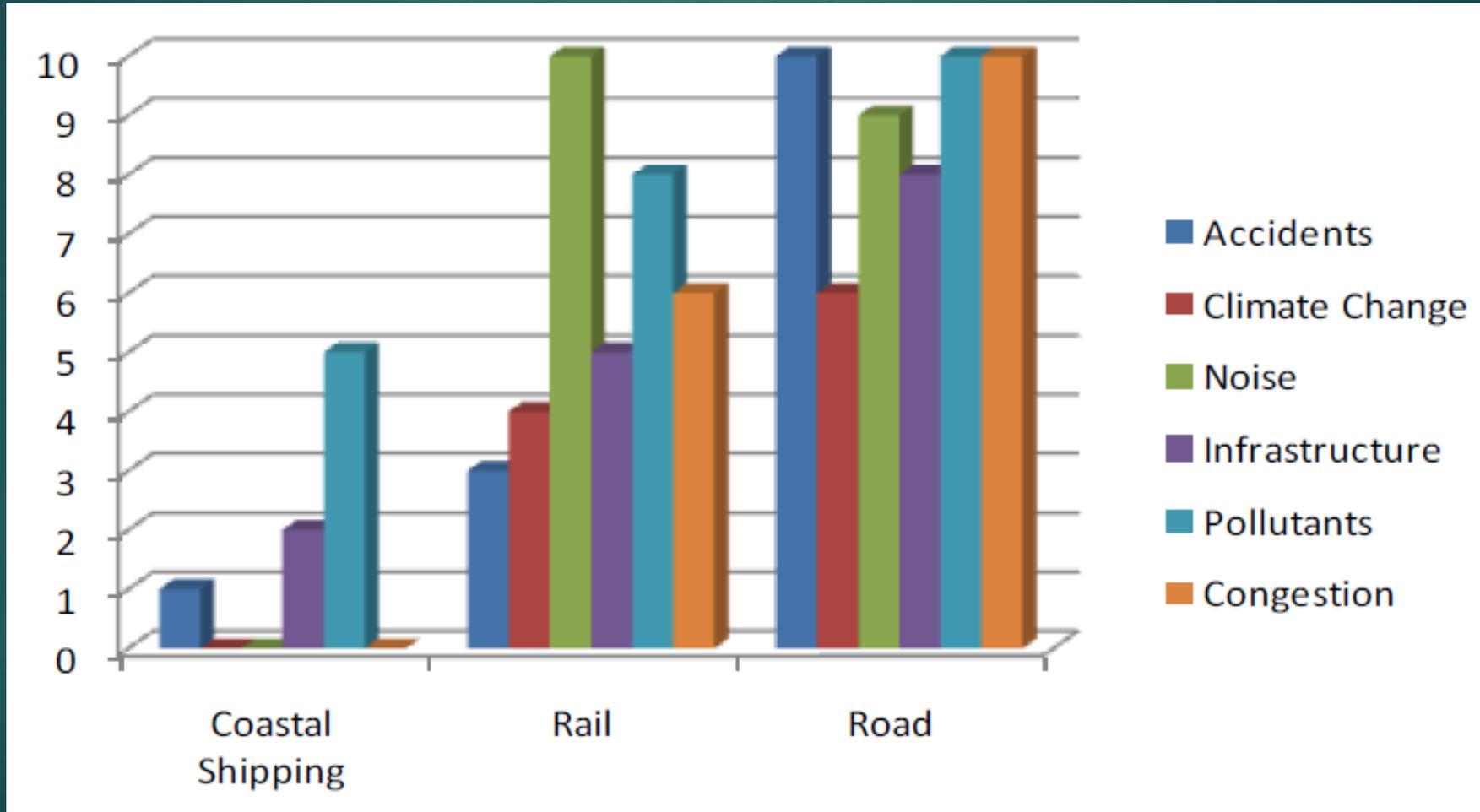
Coastal Shipping

The Opportunity

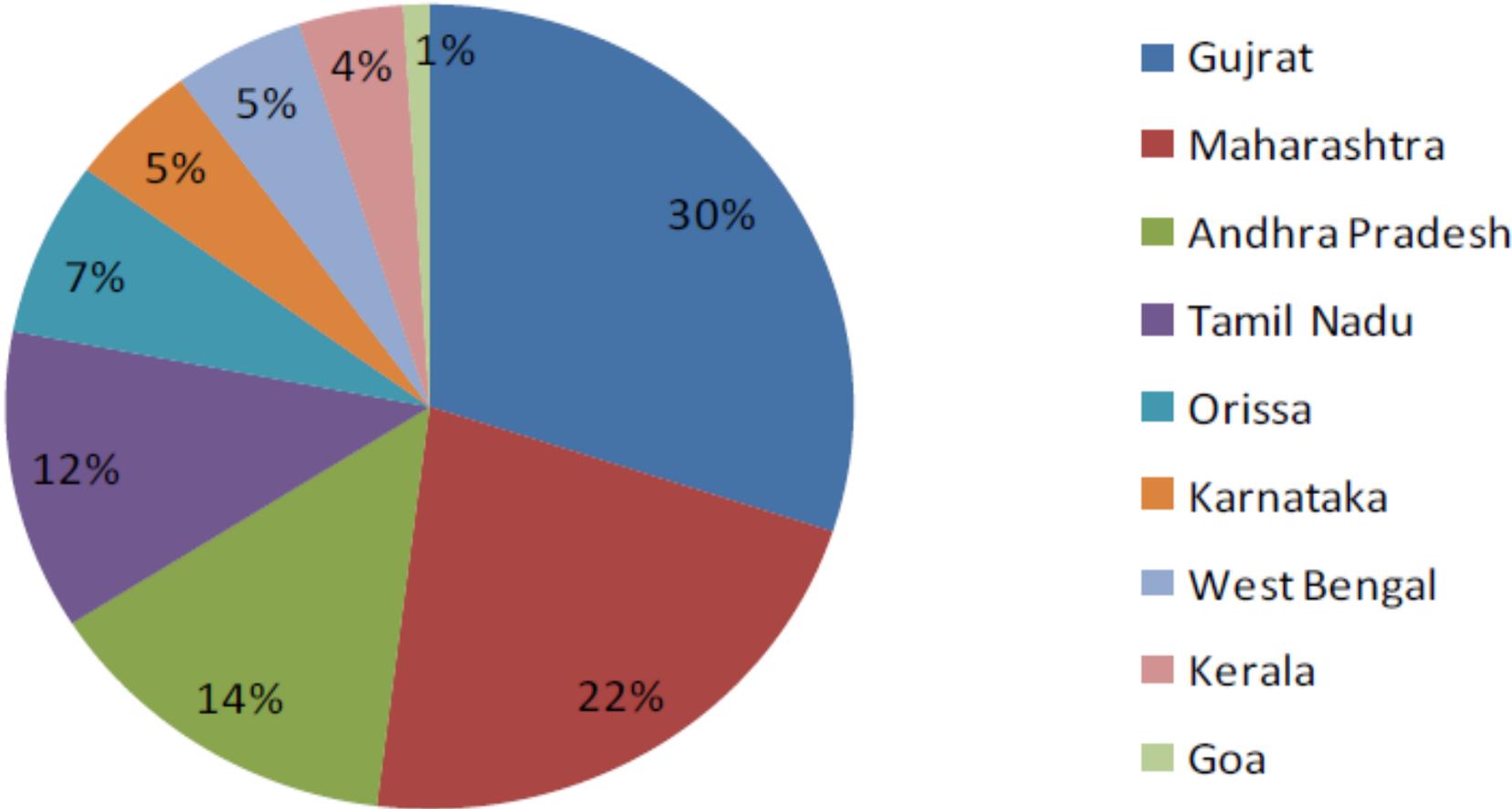


- Cost for coastal shipping is INR 0.15-0.2 per tonne km compared to INR 1.5 for railways and INR 2.5 for road
- Coal, cement, POL, food grains, steel and fertilizers are the key commodities with significant growth potential
- Potential to lower logistics cost in the economy by INR 21,000-27,000 Cr by 2025
- Coastal shipping can be a catalyst for coastal industrial clusters

Comparison between various modes of transport



Statewise coastal cargo break-up



POTENTIAL OF COASTAL SHIPPING

- ▶ Transport of cargo by coastal shipping is:
 - more fuel efficient.
 - more cost effective.
 - more environmental friendly.
- ▶ Initially coastal shipping was being looked upon as an alternative option to remove the bottlenecks in the existing transport network but is slowly and steadily developing into the most cost effective, energy efficient and environment friendly option.
- ▶ The GOI's Sagarmala Project aims at augmenting and unlocking the vast potential of India's long coastline of 5560 kms, having access to the sea on three sides with 11 major and 168 minor / intermediate ports.

SAGARMALA PROJECT

- ▶ The programme aims to unlock the potential of India's vast coastline and waterways.
- ▶ Entails investment for setting up of new mega ports, modernization of India's existing ports, development of 14 Coastal Employment Zones (CEZ), enhancement of port connectivity via road, rail, multi-modal logistics parks, pipelines & waterways and promote coastal community development, resulting in boosting merchandise exports by US\$ 100 billion and generation of around 10,000,000 direct and indirect jobs.
- ▶ Construction and up gradation of exclusive coastal berth / jetties, mechanization of coastal berths; capital dredging etc are being considered under this project.

An International Perspective to Coastal Shipping

- ▶ Countries worldwide including the most developed, have a well defined statute on Coastal Shipping.
- ▶ Adaptive Cabotage laws / practices (indicative):
 - Mandatory Local Crew (Norway and Australia).
 - Mandatory local business participation including investment (Middle East and Malaysia)
- ▶ Lenient Customs Duty structure and taxation policies to protect domestic coastal shipping.

IMPEDIMENTS

Impediments: Regulatory, Fiscal and Allied

- ▶ Absence of long-term policy framework.
- ▶ Lot of documentation and paperwork for carrying EXIM transshipment cargo.
- ▶ Availability of Bunkering facilities – Inadequate bunkering infrastructure at most minor/intermediate ports acts as another hindrance to coastal shipping.
- ▶ Stringent specifications for construction of vessels leading to higher capital costs.
- ▶ Lack of separate berthing facilities at Major Ports and inadequate cargo handling facilities at the minor ports.

Impediments – Contd.

- ▶ Discriminatory taxation on Indian seafarers' salaries – discourages quality officers from continuing on Indian Coastal Vessels.
- ▶ Double handling costs involved and lack of active policy.
- ▶ High import duties on bunker oil and spares.
- ▶ Lack of hinterland transportation (rail & road) connectivity to major / minor ports – last mile connectivity.



RECOMMENDATIONS

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- ▶ A clear-cut policy for the development of an integrated transport system needs to be evolved providing last mile connectivity to and from the shipper / consignee's warehouse, enable conversion of traditional road / rail cargo to shift to coastal mode.
- ▶ Removal / decrease of duty paid on bunker by coastal vessels.
- ▶ As coastal shipping is much more environment friendly and fuel efficient than the other modes of transport; it should be provided tax concessions both for fuels and spares.
- ▶ Dedicated berths at ports for coastal vessels.
- ▶ Alignment of new port capacity with key cargo flows.

RECOMMENDATIONS – Contd.

- ▶ GOI should grant special status to coastal shipping so as to exempt it from stringent Customs and other procedures that apply to EXIM cargo carrying vessels.
- ▶ Facilitative policy and supporting systems, rules and regulations and procedures similar to those existing in leading maritime nations should be implemented in India.
- ▶ Import duties on capital goods and spares should be removed.
- ▶ Reduce berthing time and overall turn around time of coastal vessel; drive faster cargo throughput.

THANK YOU

