



# Coastal Shipping: Anchoring prospect @ ports

Despite being widely recognised as a sustainable and efficient alternative to road transport, coastal shipping as a mode of transportation is highly discounted. **CARGOTALK** highlights its importance.



Kalpna Lohumi

India with 7,500 kilometers of coastline and almost 14,000 km of navigable rivers provide the perfect platform for the development of integrated water-based transport system for domestic as well as ex-im freight. However, the most commonly used transport modes in the country are 'road and rail logistics', which are already overburdened. And if this continues, it is unlikely to keep up with the pace of the industry's future growth demands.

Certainly, the association between use of coastal shipping and operations cost contribution to GDP is strong. For countries using coastal shipping operations cost to GDP is approximately nine per cent, whereas, for India it is 13 per cent. Government is leaving no stone unturned to get the benefit from the segment through initiation of the Sagaramala project. **CARGOTALK** explores the current state of coastal shipping in India.

## Understanding the silk route

Elaborating on the scope of the shipping segment, **Sanjam Sahi**, Director, Sitara Shipping, tells, "Coastal shipping has been the neglected mode of transportation in India as compared



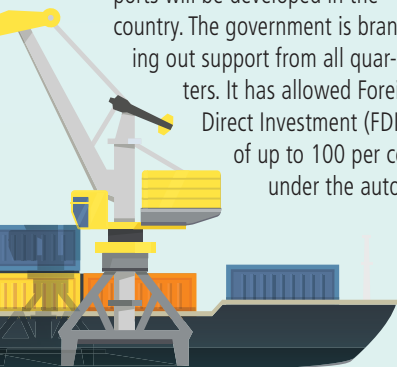
## DID YOU Know?

- Coastal shipping in India has grown at a CAGR of approx. 10 per cent between 2015 and 2018 as compared to 2.2 per cent between 2012-15.



to the countries like China, where waterways have a larger share than that of road. Coastal shipping is regarded as more economical and less polluting, but we need consistency of service. The way the government is promoting coastal shipping is a welcome move.”

**Pushendra Pratap Singh**, Chief Commercial Officer, Eusu Logistics India, says, “The Indian ports and shipping industry plays a vital role in sustaining growth in the country’s trade and commerce. Under the national perspective plan for Sagarmala, six new mega ports will be developed in the country. The government is branching out support from all quarters. It has allowed Foreign Direct Investment (FDI) of up to 100 per cent under the auto-



matic route for port and harbour construction and maintenance projects. It has also facilitated a 10-year tax holiday to enterprises that develop, maintain and operate ports, inland waterways and inland ports.”

**Ranjit Singh**, Executive Director & CEO, Essar Shipping, explains, “The country’s rail and road transport are already running at full capacity. This underutilised ‘maritime silk route’ can also free-up rail and road transport routes if fluvial (inland waterways) transport is linked to the coastline. It is estimated that the cost per tonne per kilometer of moving cargo through the coastal or inland navigation route can be 60-80 per cent cheaper than moving the cargo by rail or road. Despite this, coastal shipping accounts for only six per cent of the country’s total domestic freight (on a tonne-km basis). This is expected to change as the coastal and inland waterways traffic is

expected to increase 15 times over the next 20 years. Apart from cost efficiency, fluvial transport is also eco-friendly.”

**Piyush Kumar Singh**, Logistics/SCM Professional, enumerates, “The share of waterways transportation mode in the modal cargo mix is about seven per cent now. The government envisions increasing the share of coastal shipping in modal cargo mix to 10 per cent by 2020 from the current share so as to reduce the over-dependence on road and rail sectors for domestic cargo transportation.”

“The proactive step of the government is likely to spur the sea transport activities in years to come. An impressive rise in India’s foreign trade reflects the growing shipping activities, which is likely to remain positive in years to come,” he adds.

**Ajay Khosla**, General Manager (Delhi Region), Scorpion Group, opines, “Logistics costs have a crucial role to play in international trade. India is spending 14.4 per cent of its GDP on logistic activities which is approximately nine per cent in other developing countries, this is highest among developing countries. This multiply by poor infrastructure, lack of skill and less utilisation of technology. Water transport is always a cheapest mode of transportation, especially in case of import and export of heavy and large shipments. In this context, role of ports become more important when we are struggling with high logistics cost. Ports are passages points for land and sea trading, at the moment more 80 per cent share by Chennai, Cochin, Kolkata, Mumbai and Visakhapatnam sea boundaries. Although demand of this vertical is continuously growing but existing



**Sanjam Sahi**  
Director  
Sitara Shipping

“Coastal shipping has been the neglected mode of transportation in India as compared to other countries

port structure is still insufficient to cater growing demand. To respond to this incompetency, government permitted joint venture and alliances between Indian ports and foreign ports and companies."

### Sagarmala brews port-led development

Singh says, "Government's ₹8 lakh crore Sagarmala project, aimed at modernising India's ports to augment port-led development is anticipated to open new growth opportunities coupled with lowering the capital requirements in shipping sector."

"The government plans to develop 10 coastal economic regions as part of plans to revive the country's Sagarmala (string of ports) project. The zones would be converted into manufacturing hubs, supported by port modernisation projects, and could span 300–500 km of the coastline. Not only this, but the government is also looking to develop the inland waterway sector as an alternative to road and rail routes to transport goods to the nation's ports and hopes to attract private investment in the sector. The massive investment in

## FACT FILE

■ Cargo traffic handled by India's major ports increased 4.97 per cent year-on-year to 616.62 million tonnes (MT) during April 2017-February 2018.

■ The highest growth was witnessed by Cochin Port at 17.63 per cent, followed by Paradip at 15.56 per cent, Kolkata (including Haldia) at 14.29 per cent and Jawaharlal Nehru Port Trust at 6.37 per cent.

■ Container traffic saw the highest growth during this period at 8.37 per cent year-on-year and reached 8,302 TEUs.



**Pushendra Pratap Singh**  
Chief Commercial Officer  
Eusu Logistics India



**Ranjit Singh**  
Executive Director & CEO  
Essar Shipping

“The Indian ports and shipping industry plays a vital role in sustaining growth in the country's trade and commerce

India's ports and roads sector by government is likely to help boost the country's economy," adds Pratap.

Traffic is expected to increase 15 times over the next 20 years. Fluvial transport is also eco-friendly

"Increasing investments and cargo traffic point towards a healthy outlook for the Indian ports sector. Providers of services such as operation and maintenance (O&M), pilotage and harbouring and marine assets such as barges and dredgers are benefiting from these investments," he adds.

"The Sagarmala project recently announced by the Centre intends to double the share of coastal and inland waterways in transport, thus, boosting domestic trade and exports. It is estimated that the cost per tonne per kilometre of moving cargo through the coastal or inland navigation route can be 60 per cent to 80 per cent cheaper than moving the cargo through rail or road," tells Kumar.

