

# THE SHIPPING SECTOR IS AT SEA

Relevant for: Indian Economy | Topic: Infrastructure: Ports & Waterways

The major economies of the world have always realised the potential of shipping as a contributor to economic growth. Today, for instance, control of the seas is a key component of China's [Belt and Road Initiative](#) (BRI). China is trying to take control of the Bay of Bengal and the Indian Ocean Region.

However, geographically, China is not as blessed as India. It has a great variety of climates and it has a coast only in the east; yet, seven of the top 10 container ports in the world are in China, according to the World Shipping Council. What aided China's growth are strong merchant marine and infrastructure to carry and handle merchandise all over the world.

Prior to the 16th century, both India and China were equal competitors on GDP. Historical records prove that India had maritime supremacy in the world. But over the past 70 years, India has lost its global eminence in shipping due to poor legislation and politics.

Starting from the establishment of new ports in independent India to the establishment of the present-day Chabahar Port in Iran, all of India's actions on the shipping front have been counter-effective. This is due to a visionless administration. All the shipping infrastructure in peninsular India only helps foreign shipping liners. India has concentrated only on short-term solutions.

In the past, colonial traders had strong merchant marine, but they also developed optimum shore-based infrastructure with road and rail connectivity to facilitate their trade. There was balanced infrastructure onshore and at sea. Shore-based infrastructure was developed to cater to the carrying capacity. This needs to be understood with a clear economic sense.

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Foreign ship owners carry our inbound and outbound cargo. This is the case in container shipping too. As a country, we have still not optimised our carrying capacity. Foreign carriers and their agents continue to ransack EXIM trade with enormous hidden charges in the logistics cycle. Much of foreign currency is drained as transshipment and handling cost every day.

Given this state of affairs, members of our maritime business community have also preferred to be agents for foreign ship owners or container liners rather than becoming ship owners or container liners themselves. This is a historical mistake and a major economic failure of the country. As a result, there is a wide gap between carrying capacity and multi-folded cargo growth in the country.

Today, Ministry officials are happily relaxing "Cabotage" regulation in the name of coastal shipping. This benefits only the foreign container-carrying companies and not Indian shipowners. Official actions allow foreign carriers to enjoy the situation here and push the Indian tonnage owners to vanish from the scene. Starting from the Swadeshi Steam Navigation Company of V.O. Chidambaram Pillai to the Scindia Steam Navigation Company of our times, Indian owners have not got the blessings of successive governments.

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In the port sector, instead of creating regional cargo-specific ports in peninsular India, the bureaucracy has repeatedly allowed similar infrastructural developments in multiple cargo-

handling ports. As a result, Indian ports compete for the same cargo. If we make our major ports cargo-specific, develop infrastructure on a par with global standards, and connect them with the hinterlands as well as international sea routes, they will automatically become transshipment hubs. We need to only concentrate on developing the contributing ports to serve the regional transshipment hubs for which improving small ship coastal operations is mandatory.

It is our long-cherished dream to be competent and cost-effective in international supply chain logistics. We need quality products to be available in global markets at a competitive price. This will happen only if we develop balanced infrastructure onshore as well as at sea.

Sagarmala, a government programme to enhance the performance of the country's logistics sector, provides hope. Its aims are port-led industrialisation, development of world-class logistics institutions, and coastal community development. When Sagarmala initiates infrastructural development on the shorefront, this will also get reflected in domestic carrying capacity.

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As of now, shipbuilding, repair and ownership are not preferred businesses in peninsular India. The small ship-owning community in India also prefers foreign registry for their ships instead of domestic registration. If this has to change, there needs to be a change in the mindset of the authorities and the maritime business community.

With the call for 'Make in India' growing louder and with simultaneous multi-folded cargo growth in the country, we need ships to cater to domestic and international trade. Short sea and river voyages should be encouraged. The ship-owning spirit of the Indian merchant marine entrepreneur has to be restored. Shipbuilding and owning should be encouraged by the Ministry. The National Shipping Board is an independent advisory body for the Ministry of Shipping, where the Directorate General of Shipping (DGS) is a member. The NSB should be able to question the functioning of the DGS, which is responsible for promoting carrying capacity in the country.

Sagarmala should include coastal communities and consider evolving schemes to harness the century-old ship-owning spirit and sailing skills of peninsular India. Coastal communities should be made ship owners. This will initiate carriage of cargo by shallow drafted small ships through coast and inland waterways. All minor ports in peninsular India will emerge as contributing ports to the existing major ports and become transshipment hubs on their own. Old sailing vessel owners should be encouraged to become small ship owners.

It is sad that most of the global shipping companies which depend on Indian cargo for their business have Indians as either commercial heads or Indian crew onboard their ships. The creamy layer from management and nautical institutions are employed out of India. When the most creative human resource is not used in the country, what is the point of declaring that India has the number one youth population in the world?

The youth population is merely a number, not a skill-based strength. In the coastal region, their strength has not been tapped. This is a point of concern and Sagarmala should concentrate on consolidating the strength of the coastal youth and make them contribute to the nation's economy with pride.

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