

# TESTING THE WATERS: MENTION OF BLUE ECONOMY IN BUDGET MUST SERVE AS AN IMPETUS FOR THE SECTOR

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Experts dissecting Budget 2019 have been remiss in not discussing the inclusion of an agenda to develop the Blue Economy. The development of the Blue Economy can play a critical role in nation building by enhancing the GDP, not just by exploitation of under-water resources but by developing it as a platform for infrastructure expansion into the ocean, especially when there is a shortage of space on land.

The idea is to expand port activities on the sea rather than on land.

Inclusion of the Blue Economy in the budget encourages me to talk of the possible re-calibration of its growth potential, first, by improving the measurement of its contribution to the economy and then through strategic policy interventions to enhance its contribution to manufacturing and services.

Using the SMART (Specific, Measurable, Achievable, Realistic, Time-tested) formula, we can set a time-bound action plan.

As noted in SMART, any good strategy must have elements which can be monitored. And to do this, they must be measurable. A strategy to develop blue manufacturing and blue services will have to focus on several sub-sectors. I suggest that for effective policy intervention, the entire spectrum of the Blue Economy will require a deep analysis of the underlying constituents of these sub-sectors. As a beginning, the strategy should spell out a well-accepted and tested methodology for such a statistical analysis.

A dedicated national-level institution, skilled in such state-of-the-art analytical approaches, will have to be given this responsibility. Based on this analysis, and a study of the trends of the underlying constituents of these subsectors in the GDP, a graded policy intervention will be the first part of implementation.

The sub-sectors where measurement is possible are: Blue trade in both goods and services, including the development of marine services (such as port services, ship repair, maritime finance and insurance, marine ICT and digitisation); blue investment (port and transloading in mid-seas, coastal-to-hinterland connectivity); blue SMEs — a sub-category of the SMEs as defined by the Ministry of Small and Medium Enterprises (MSME) and administered by a separate division in the MSME and blue manufacturing (development of dedicated industrial parks, as is being envisaged under the Sagarmala, protection risks of coastal natural calamities, etc.)

While the arithmetic of sectoral analysis is important for identifying the areas requiring graded intervention, an effective strategy to increase the value addition will need policy interventions in the areas of upscaling the available technology for manufacturing and delivery of blue services.

These will be further underpinned by training and reskilling of the available manpower, for which a coordinated plan (across the organs of states and central governments) will be needed.

No strategy can be implemented without efforts to enhance resource availability, both from the public and the private sectors. The strategy must make sure that there is no overlap and that the balance of resources is maintained. A path-breaking relook at the regulations to ease the flow of private investment will be needed. Some time-tested paradigms of PPPs (Public Private Partnerships) will be ideal. The strategy must realise the context of the federal structure within which it will have to operate. Therefore, a mechanism to coordinate the efforts of the coastal districts/municipalities/panchayats, coastal state governments, and the Union government will need to be established. Akin to the Tribal Sub-Plan in the budget exercise, a dedicated chapter on the Blue Economy in the state and Union budgets could be a beginning.

A reasonable time-frame and an institutional coordination machinery will make the plan realistic and achievable. A national coordination mechanism for monitoring is absolutely necessary for any strategy in a federal structure, such as ours. Commitment to the development of the Blue Economy has been expressed by a mention in the budget speech. This has laid the foundation and will provide the initial traction to create the space for implementation of the strategy.

***This article first appeared in today's paper under the headline: "Testing the waters". The writer is former secretary, Ministry of Shipping and Ministry of Mines, former chairman of the National Shipping Board and former chairman of Inland Waterways Authority of India.***

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