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IF EXECUTED WELL, WATERWAYS CAN CHANGE INLAND TRANSPORTATION

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

On Monday, Prime Minister Narendra Modi inaugurated the country's first inland waterways terminal in Varanasi, Uttar Pradesh. The terminal is a part of the first phase of the government's National Waterway 1 project to ferry cargo from the eastern seaport of Haldia in West Bengal to Varanasi, around 1,360 km inland.

Using waterways for transporting people and goods is nothing new for India. Until about a hundred years ago, the Ganga river was a busy waterway that was used for the movement of commodities such as tea, jute, and spices. But with the coming of the railways, this watercourse fell into disuse. At present, according to a World Bank report, India's freight movement traverses mainly on roads (65%). Railways come next (27%); waterways account for just 0.5% of the movement. The freight movement on waterways across countries is also much higher in the West and China than in India: In the US, it's about 8.3%; in Europe, 7%; and in China, it is 8.7%.

There are several reasons why the Centre is so enthusiastic about the waterways project.

First, transporting freight via river systems is much cheaper and greener than using road and rail. According to the World Bank, which is financing the National Waterway Project, the cost to transport one tonne of freight over one km for highways is Rs 2.28. It is Rs 1.41 for railways, and Rs 1.19 for waterways. Second, it's greener. In a written reply to a question in Parliament on March 20, 2017, minister of state for shipping, Mansukh L Madaviya, said: "As per RITES Report of 2014 on 'Integrated National Waterways Transportation Grid', one litre of fuel moves 24 tonnes km by road, 95 tonnes km on rail and 215 tonnes km on Inland Water Transport."

Third, ferrying goods via waterways is faster than on congested road and rail networks, which slows the movement of cargo, adding to uncertainties, and increasing the costs of trade. Logistics costs in India, says the World Bank, are estimated to account for as much as 18% of the country's GDP. Fourth is the pollution cost of traffic bottlenecks. According to a 2014 study by the Central Road Research Institute, eight major traffic bottlenecks in Delhi guzzle at least 40,000 kilolitres of fuel (diesel, petrol, and CNG) every day. Add to this, carbon dioxide (CO_2) that is added to the polluted air daily by these vehicles.

While there are several positives of the waterways project, any infrastructure development will have environmental costs, and those must be taken into account while evaluating the benefits of the project. This is because while the main infrastructure — the waterway — is naturally available in this case, it needs to be "trained, maintained and upgraded" to ensure that the movement of cargo carriers is possible. One important aspect of this "training" a waterway is dredging, which is required to ensure that the required water depth is maintained everywhere for the goods carriers to pass.

Environment activists allege that the Environmental Impact Assessment report prepared by Inland Waterways Authority of India ignores the severe impact of the movement of ships and dredging on biodiversity in critical but legally non protected stretches of the river. These are genuine concerns. The ecosystem services that the river provides must be quantified for a wholesome evaluation of the mega project's actual economic worth.

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