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ARE WE A MARITIME NATION YET? REALIZING THE ECONOMIC & SOCIAL VALUE OF MARITIME INDUSTRY IN INDIA

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While, India has a vast coast of about 7500 km (Kaushiva, 2012), we are yet to develop into a maritime nation that has a competitive edge in the global market. One of the key reasons attributed to this situation in emerging economies such as India is lack of maritime infrastructure for effectively managing the trade volumes and traffics (United Nations Conference on Trade and Development (UNCTAD), 2015). For instance, according to UNCTAD (2015) report, on an average, developing countries pay 40 to 70 percent more on their international imports than developed countries.

Maritime infrastructure can be defined as the development, installation, and maintenance of services that promote marine activities, including ports, shipbuilding, inland water trade, railroad connectivity, and human capital (Kaushiva, 2012). The performance of maritime infrastructure has a significant effect on a county's competitive edge (Prakash, 2013; UNCTAD, 2015). For instance, the construction of second Suez Canal is likely to increase ship traffic from 49 ships per day to 97 ships per day. It is expected that the construction of canal will reduce wait time from about 18 hours to 3 hours. In addition to the construction of canal, the programme also aims to create industrial hub in neighboring areas, develop five new seaports, and build center for logistics and supplies. It is estimated that the project will cost \$8.4 billion, but the construction of new canal is anticipated to increase annual revenue from \$5 billion to \$13 billion (UNCTAD, 2015). Thus, development of maritime infrastructure has tremendous effect on country's competitive edge in global trade.

However, developing and managing maritime infrastructure is not only cost intensive, but requires considerable planning. It could be anticipated that several interrelated factors may jointly determine the development and functioning of maritime infrastructure such as availability of labor, investment in new technology, support of government, and so on (UNCTAD, 2015). This paper examines how key challenges influence maritime infrastructure in India. Understanding, the challenges faced by Indian maritime sector in developing its infrastructure are important for several reasons. First, maritime industry can play a critical role in enhancing India's competitive advantage in the global marketplace. Second, development of maritime

sector could potentially offer jobs to local people settled near Indian coasts. Third, a strong maritime sector is likely to help provide resources for meeting the demands of Indian people.

The rest of the paper is organized as follows. The next section discusses key challenges facing Indian maritime industry. Then, steps to effectively address these key challenges are discussed. Finally, the paper concludes with a summary of main points.

CHALLENGES FACING INDIAN MARITIME INDUSTRY

The existing maritime infrastructure in India faces following key challenges. First, over the past few years, the Indian ship share has been static. For instance, India has 1000 merchant fleets accounting for 10 million tons, i.e., it can carry 10 percent of India's foreign trade (Prakash, 2013). Currently, India has 13 major ports and 200 minor ports. The major ports are managed by central government of India, while the minor ports fall under the supervision of state government and private entities (Kaushiva, 2012). The traffic handled by the major ports is reported in Table 1. And, the traffic has increased about 5% in 2015 compared to 2014.

Table 1: Traffic handled by the major ports in India

PORTS	APRIL TO MARCH TRAFFIC		
	2015*	2014	% Variation against previous year traffic
Kolkata dock system	15282	12874	18.70
Haldia dock complex	31010	28511	8.77
Paradip	71011	68003	4.42
Visakhapatnam	58004	58503	-0.85
Kamarajar (Ennore)	30251	27337	10.66
Chennai	52541	51105	2.81
V.o. chidambaranar	32414	28642	13.17
Cochin	21595	20887	3.39
New mangalore	36566	39365	-7.11
Mormugao	14711	11739	25.32
Mumbai	61660	59184	4.18

Jnpt	63802	62333	2.36
Kandla	92497	87004	6.31
Total:	581344	555487	4.65

Please note: IN ' 000 TONNES;

*TentativeSource: Indian Ports Association (<http://www.ipa.nic.in/oper.htm>)

Second, poor efficiency and connectivity has significant effect on India's maritime performance. The average turnaround time in major Indian ports is way longer than other South Asian countries. For example, the average turnaround time in India ports is about 4 days compared to 13 hour at Hong Kong ports (Kaushiva, 2012). Moreover, while India added 10 new cruises, the lack of parking space at the docks and scarcity of rail-road connectively is preventing utilization of these cruises (Bandyopadhyay, 2016). In others words, without developing it's capacity to mange cargo and develop rail connectivity, India cannot leverage its natural vast coastline to it's full potential in the global marketplace.

Third, India lacks technological and physical infrastructure to build and repair ships. By 2020, it is estimated that Indian seaborne trade is likely to double or triple. However, only 10 percent of ships are built in Indian shipyard; and it accounts for one percent of global shipping marketplace. The lack of ship production and repair in India is often attributed to higher costs, bad quality materials, and long delivery times. In comparison, other Asian countries such China, Japan, Philippines, and Vietnam produce high quality ships and are considered major players in the ship building industry around the globe (Prakash, 2013).

WAY FORWARD: BUILDING CAPACITY OF INDIAN MARITIME INFRASTRUCTURE

While the existing maritime infrastructure in India is affected by several challenges, as a first step, moving forward India should potentially focus on improving and building its capacity in two main areas: (1) fostering public-private partnerships for investing in maritime infrastructure and (2) enhancing human capital.

FOSTERING PUBLIC-PRIVATE PARTNERSHIPS

Building and installing maritime infrastructure is beyond the capacity of single entity such as governments and private actors. In other words, developing collaboration diverse stakeholders is critical for improving the capacity of maritime infrastructure. It is estimated that more than 1.5 lakh crore is required to improve India's port in about 5 years (Kaushiva, 2012). Realizing the value of public-private partnerships in for investing this amount, the Indian government has announced several partnerships for improving maritime infrastructure. For example, the Ministry

of Shipping initiated a public-private partnership project that aims to develop the freight capacity of five major ports. This project is expected cost about \$2.8 billion and is anticipated to increase the capacity of Indian ports by 150 million metric ton per year (India Briefing, 2014).

ENHANCING HUMAN CAPITAL

Developing the capacity of human capital is critical for improving maritime infrastructure. While investing in improving physical infrastructure such ports is important, however human play a quintessential role in developing, designing, implementing, and managing the maritime industry. Thus, developing the capacity of people engaged in maritime industry is critical for ensuring successful performance of shipping sector. For example, the Indian Directorate of Shipping introduced new monitoring program called Comprehensive Inspection Program (CIP). The main aim of CIP is to conduct scheduled inspections to rate training institutes in India for improving quality of education imparted through these institutions. This initiative adds to India's decade old education system, which has provides competitive marine workforce. While India accounts for only one percent global shipping fleet, it provides six percent of seafarers (about 82,000 Indian-born seafarers). Further, there are about 130 maritime training institutes in India, which offers both pre- and post-sea training (Manoj, 2013).

CONCLUSION

This paper highlighted the key challenges facing maritime industry in India. Despite long coastline, India is yet to realize it's full potential of maritime sector and play a critical role in the global marketplace. Several factors hinder India's maritime industry from playing a prominent role in the global trade. Particularly, lack of maritime infrastructure such as absence of shipbuilding and repair industry, long turnaround time, and absence of railroad connectivity adversely influence the development and management of Indian marine sector. As a first step to effectively manage the challenges facing maritime sector, India should focus on promoting two key areas: promoting public-private partnerships and building human capital. Developing these two areas will help Indian maritime sector to build its physical and human infrastructure for leveraging its vast coastal-line for improving its competitive edge in the global marketplace.

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