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PAPER PRESENTATION ON

COASTAL AND INLAND WATER TRANSPORT

**PREPARED
FOR
TRANSTECH-12
INNOVATION IN TRANSPORTATION**

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Abstract

Inland water transport includes natural modes as navigable rivers and artificial modes such as canals. It is an environment friendly mode of transport. It has a vast potential to act as an alternate and supplementary mode of transportation under certain conditions.

The Inland waterways have played an important role in the Indian transport system since ancient times. However, in recent times the importance of this mode of transport has declined considerably with the expansion of road and rail transport. In addition, diversion of river water for irrigation has also reduced the importance of inland water transport. The decline is also due to deforestation of hill ranges leading to erosion, accumulation of silt in rivers and failure to modernize the fleet to suit local conditions. The transportation of goods in an organized form is confined to West Bengal, Kerala, Assam, parts of North Eastern region and Goa.

Keywords

Hinterland - It is the land or district behind a coast or the shoreline of a river.

GRT – Gross Registered Tonnage

What is Coastal Shipping?

India has a long coastline of 7,516.6 Kms, a number of ports and a vast hinterland. Therefore coastal shipping holds a great promise more so because it is the most energy efficient and cheapest mode of transport for carriage of bulky goods like iron and steel, iron ore, coal, timber, etc. over long distances. However, despite this fact (and despite the fact that coastal shipping was reserved exclusively for Indian ships after Independence), there has been a sharp decline in coastal shipping operations. For instance, the number of ships fell from 97 in 1961 to only 56 in 1980 while Gross Registered Tonnage (GRT) fell from 3.1 lakhs to 2.5 lakhs over the same period. However, at the end of 1994 the fleet strength was 438 vessels of 6.3 million GRT.

History

In 1950-51, the total Indian tonnage was merely 0.39 MGRT (million gross registered tonnes). The First Five-Year Plan sought to reserve the coastal trade for Indian vessels exclusively so as to ensure their greater participation in overseas trade. The aim was achieved with the enactment of the Merchant Shipping Act of 1958.

Bulk goods carried by coastal shipping were low-freight commodities like coal, cement, salt etc. As the railway freights for these commodities were less, the railways were a preferred mode of dispatch. The Second Five-Year Plan sought to divert some traffic from the railways to coastal shipping. Another objective of the Second Plan was to secure a higher share of Indian overseas trade for Indian ships. The Chartering Wing, TRANS CHART, was set up in 1960 to fulfill this objective. Another broad objective of the Plan was to build a fleet of tankers to meet the increasing wet cargo requirements. In 1968, the Shipping Corporation of India (SCI) was set up to fulfill this and several other objectives.



The most significant aspect to which I wish to draw your attention is, 'The Water Transport in India'.

India has 14,500 km of navigable inland waterways comprising of river system, canal, backwaters, creeks and tidal inlets. About 5200 km of major rivers and 485 km of canals are suitable for mechanised crafts. But these navigable waterways lack the needed infrastructure such as navigational aids, terminals and communication facilities. The total cargo moved by inland water transport is about 20 million tonnes corresponding to just over 1.5 billion tonne km or 0.15 percent of the total inland cargo of about 877 billion tonne km, the balance being moved by road, rail and pipelines.

The criteria laid down for declaration of national waterway are

- a) It should be capable of navigation by mechanically propelled vessels of a reasonable size;
- b) It should have 45 m wide channel with a minimum depth of 1.5 m;
- c) It should be continuous stretch of 50 km except in urban areas;
- d) It should pass through and serve the interest of more than one state, connect vast hinterland and major ports and connect places not served by any other modes of transport.

The above guidelines were formulated by the National Transport Policy Committee Report (1980) recommending various measures for development of IWT in the country.



Based on the available data, it is noted that nearly 18 Million Tones of cargo was moved through IWT during 2000-01. The major contributors to traffic are given below:

Sl no	Name of the organization	Quantity of cargo moved (million tonnes) in 2000-01
1	Central Inland Water Transport Corporation	0.11
2	Vivada Inland Waterways Ltd.	0.25
3	Kerala Shipping and Inland Navigation Corporation Ltd.	0.55
4	Goa Barge Owners Association & Goa Minerals Ore Exporters Association	15.69
5	Other States	1.26
Total		17.86

	Details of National Waterway	Distance (kms.)	Cargo Moved		
			1998-99 Lakh Tons	1999-00 Lakh Tons	2000-01 (P) Lakh Tons
1	National Waterway 1 (Allahabad -Haldia stretch of Ganga -Bhagirathi-Hooghly river system)	1620	8.52	7.31	3.52
2	National Waterway 2 (Sadiya-Dhubri stretch of Brahmaputra river system)	891	0.09	0.06	0.04
3	National Waterway 3 (Kollam-Kottapuram stretch of West Coast Canal along with Champakara Canal and Udyog-Mandal Canal)	205	10.27	11.12	10.85
	Total	2716	18.88	18.49	14.41

(P) : Provisional

Note : Cargo handled in Calcutta –Bangladesh-Calcutta route is taken in National Waterway 1. This route is a link between NW-1 and NW-2 through Bangladesh

Source : Inland Waterways Authority of India

An understanding of ‘Problems faced by the Shipping Industry in India ‘is essential for comprehending the rest of my presentation-----.

- The People of the country prefer to treat the inland waterways as garbage bins.
- Road transport is the preferred choice despite the fact 130,000 people die every year in road accidents. Road Transport is responsible for the emission of unhealthy greenhouse gases leading to respiratory disorders, highway congestion costing \$ 2.9 billion in fuel wastage and loss of 4.2 million hours in time annually.
- Poor water depth at many of the private ports and those run by state governments. Besides the absence of night navigations facilities, lack of handling equipment at ports or inland terminals and poor awareness of the advantages of shipping.
- In India, coastal shipping moves just 7% of the local freight despite a coastline of 7,517 Km dotted with 12 state-owned ports and around 200 smaller harbours. The share is low compared with the European Union, where coastal shipping has a 43% share of the cargo traffic. In the US, it has a 15% share.
- India has a limited number of coastal container ship operators. Besides Caravel, these include Shreyas Shipping and Logistics Ltd, Shipping Corp. of India Ltd, Seaways Shipping Ltd, Jindal Waterways Ltd, Vikram Logistic and Maritime Service Pvt. Ltd and Kinship Shipping and Logistics Pvt. Ltd. Many freight forwarders and logistics firms who have committed volumes, however little they may be, are now dependent on these few firms to move the cargo.
- Taxation and regulatory issues have curbed the growth of coastal shipping. Vessels engaged in coastal trade are much smaller than ships that ply international waters. But the same provisions of India’s Merchant Shipping Act, 1957, relating to construction, equipment, operation, certification and safety also apply to both

ocean-going and coastal ships. For instance, crew qualification criteria are the same for coastal and ocean-going ships. But the crew on coastal ships pay income tax while those on foreign-going ships are exempted from it. Coastal ship operators also have to pay customs duty on ship fuel, spares and stores.



After having discussed on the problems so far, I believe it is time now to focus on ‘The Steps Taken by the Government to improve Water Transport in India’..

- In September 2011, India’s maritime regulator, the Directorate General of Shipping, eased staffing requirements for vessels operating along the country’s coast. The regulator has separately flagged off a plan to exempt certain classes of ships used only in coastal trade from some of the stringent provisions of the Merchant Shipping Act to promote the sector. It has prepared a draft of the proposed conditions, called the Indian Coastal Ship Safety Code, that such vessels will have to comply with in order to avail of the exemption. The new code is awaiting notification.
- The Indian government is charging a concessional tariff for coastal ships calling at its 12 ports. Coastal ships are given a concession of as much as 40% on vessel-related charges, or port calling costs such as port dues, berth hire and pilotage, compared with similar charges for other ships.
- Besides, a discount of 40% is also extended to coastal cargo and container-related charges such as ship-shore transfer and transfer from berth to storage.
- The shipping ministry is also lobbying for a Rs500 crore corpus from the government to develop coastal shipping.
- The arrival of many private container train operators is another big facilitator for coastal shipping yard and vice versa.

Let us emphasize on ‘the Ways to enhance Water Transport in India’...

- The government could lead the way by diverting some its own cargo on to water transport. Also the government should take the lead to develop at least one port in

each littoral state for coastal shipping. These ports could be developed through Center – State – Private Partnership, with the Central government funding breakwaters and capital dredging, with the state government concerned providing the waterfront area and the private sponsor responsible for other infrastructure and for development of the port on a Build – Operate – Transfer business model.

- With global recession slowing demand for goods and consequent fall in ship values and rentals, there are plenty of idle container ships in the global market that can be bought or hired at dirt cheap rates to ply along India's coast as Caravel has shown.
- According to one industry estimate, cost of transporting goods from north to south India and vice versa can be reduced by about 50% with a combination of rail and sea.
- A government-sponsored study done by information technology services firm Tata Consultancy Services Ltd on the development of coastal shipping in the country says about 4 million tonnes of cargo a year could be diverted from road and rail to coastal shipping without any increase in freight costs.

Let us enumerate the Recent Developments on the 'Coastal and Inland Water Transport'...

- A new Joint Venture (JV) company namely Royal Logistics (Ship) Ltd has been incorporated with equity participation of IWAI and M/s. SKS Logistics Ltd. Share Holders Agreement (SHA) for this company was signed at Noida on 3.4.08 between IWAI and M/s. SKS Logistics Ltd. Under this JV, six inland barrages of 2000 DWT each are envisaged to be constructed and operated between Kolkata and Pandu. The total cost of the project was estimated as Rs 33.00 cr. For this JV, the equity of M/s. SKS Logistics Ltd will be 70% and that of IWAI – 30%.
- Another JV company namely Vivada Logistics Pvt Ltd has also been incorporated with equity participation of IWAI and M/s. Vivada Inland Waterways Ltd Kolkata. SHA for this company was signed at Noida on 13.5.08. Under this JV two inland barrages of 1500 DWT each are envisaged to be constructed and operated between Kolkata and Dhubri. The total cost of the project was estimated as Rs.10.00 cr. For this JV, the equity of M/s. Vivada Inland Waterways will be 70% and that of IWAI – 30%.
- One more JV company namely SKS Waterways Ltd has been incorporated with equity participation of IWAI and M/s. SKS Logistics Ltd. SHA for this company was signed at Noida on 12.6.08 between IWAI and M/s. SKS Logistics Ltd. Under this JV, eight inland barrages of 2000 DWT each are envisaged to be constructed and operated between Kolkata and Mongla (Bangladesh). The total cost of the project was estimated as Rs 44.00 cr. For this JV, the equity of M/s. SKS Logistics Ltd will be 70% and that of IWAI – 30%.
- IWAI had also signed a MoU for incorporation of another JV company with M/s. ICM (I) Pvt Ltd, Kolkata. However, SHA for this company is yet to be signed. The main purpose for formation of this company was setting up and operation on

3 floating jetties in West Bengal for handling of flyash being export to Bangladesh. The total cost of this project was estimated as Rs 2.70 cr. Equity of IWAI for this JV was to be 10% and that of M/s. ICM (I) Pvt. Ltd as 90%.

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Hope this has been Informative & I would thank you for going through my Presentation

We'll be happy to answer any Questions!

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