

SAGARMALA

Introduction

Maritime sector in India has been the backbone of the country's trade and has grown manifold over the years. To harness India's 7,500 km long coastline, 14,500 km of potentially navigable waterways and strategic location on key international maritime trade routes, the Government of India has embarked on the ambitious Sagarmala Program which aims to promote port-led development in the country.

The concept of Sagarmala was approved by the Union Cabinet on 25th March 2015. As part of the program, a National Perspective Plan (NPP) for the comprehensive development of India's coastline and maritime sector has been prepared which was released by the Hon'ble Prime Minister, on 14th April, 2016 at the Maritime India Summit 2016.

Vision of the Sagarmala Program is to reduce logistics cost for EXIM and domestic trade with minimal infrastructure investment. This includes:

Reducing cost of transporting domestic cargo through optimizing modal mix
Lowering logistics cost of bulk commodities by locating future industrial capacities near the coast
Improving export competitiveness by developing port proximate discrete manufacturing clusters
Optimizing time/cost of EXIM container movement

<https://www.sagarmala.gov.in/about-sagarmala/background>

Sagarmala Program broadly consists of 5 components which are:

Port Modernization & New Port Development
Port Connectivity Enhancement
Port-linked Industrialization
Coastal Community Development
Promotion of Coastal Shipping & Inland Waterways in India

- Create jobs and bridge skill gap in ports and maritime sector

Port Modernization & New Port Development

Since about more than 90% of India's trade by volume is conducted via the country's maritime route, there is a continuous need to develop India's ports and trade related infrastructure to accelerate growth in the manufacturing industry and to assist the 'Make in India' initiative. India has 12 major ports and approximately 200 non-major ports administered by Central and State Governments respectively.

As per the studies conducted under the Sagarmala Program, it is expected that by 2025, cargo traffic at Indian ports will be approximately 2500 MMTPA while the current cargo handling capacity of Indian ports is only 2400+ MMTPA. A roadmap has been prepared for increasing the Indian port capacity to 3300+ MMTPA by 2025 to cater to the growing traffic. This includes port operational efficiency improvement, capacity expansion of existing ports and new port development.

<https://www.sagarmala.gov.in/project/port-modernization-new-port-development>

Port Connectivity Enhancement

Connectivity is one of the critical enablers for ports and the end-to-end effectiveness of the logistics system drives competitiveness for the maritime industry as well. With infusion of new technology and capacity building, the cumulative/ total capacity available at ports can match demand but will not be able to handle additional traffic if the evacuation to and from the port is restricted. It is, therefore, important that connectivity of major ports with the hinterland is augmented not only to ensure smooth flow of traffic at the present level but also to meet the requirements of projected increase in traffic.

India's hinterland connectivity is mainly based on surface transport i.e. road and rail, wherein, domestic waterways (coastal shipping and inland waterways) playing a very limited role. Pipelines are predominantly used only for transporting crude oil, refined petroleum products and natural gas.

In India, smooth connectivity to ports is even more important as the cargo generating centers are mainly in the hinterland instead of in the coastal region. The long lead distance increases the logistics cost and time variability within which the cargo can be delivered.

Under Sagarmala Program, endeavor is to provide enhanced connectivity between the ports and the domestic production/consumption centers.

<https://www.sagarmala.gov.in/project/port-connectivity-enhancement>

Port-led Industrialization

Vision of the Sagarmala Program is to reduce logistics cost and time for the movement of EXIM and domestic cargo. Development of port-proximate industrial capacities near the coast, in future, is a step in this direction. In this regard, the concepts of Coastal Economic Zones (CEZs), Coastal Economic Units (CEUs), Port-Linked Industrial & Maritime Clusters and Smart Industrial Port Cities have been introduced.

Each CEZ will consist of multiple CEUs and more than one industrial cluster can be housed within a CEU. Within each industrial cluster there can be several manufacturing units. To accelerate the CEU development process, it is proposed that CEUs be prioritized in locations where land parcels are available in areas close to a deep draught port and with strong potential for manufacturing.

<https://www.sagarmala.gov.in/project/port-led-industrialization>

Coastal Community Development

Approximately 18 percent of India's population lives in the 72 coastal districts that comprise 12 percent of India's mainland. Development of coastal communities through Marine sector related activities like fisheries, maritime tourism and corresponding skill development is an essential objective of the Sagarmala Program. Development of cruise tourism and lighthouse tourism are other activities which are being actively considered under Sagarmala Program.

Under Sagarmala Program, an integrated approach is being adopted for improvement in quality of life with focus on skill building and training, upgrading of technology in traditional professions, specific and time bound action plan for improving physical and social infrastructure in collaboration with the coastal states.

<https://www.sagarmala.gov.in/project/coastal-community-development>

Promotion of Coastal Shipping & Inland Waterways in India

Despite having an extensive network of inland waterways in the form of rivers, canals, backwaters and creeks freight transportation by waterways is highly under-utilized. Waterways currently contribute around 6% to India's transportation modal mix, which is significantly less than that in developed economies and some of the developing economies as well. Addition of information regarding coastal shipping.

It is estimated that coastal shipping traffic of about 250 MMTPA can be achieved from current and planned capacities across coal, cement, iron and steel, food grains, fertilizers, POL by 2025. Additionally about 150 MMTPA of cargo is expected to be moved via inland waterways by 2025.

Availability of dedicated infrastructure will go a long way in promoting coastal shipping as a mode of freight transportation. Hence infrastructure at ports and supporting infrastructure using rail/road and waterways to facilitate coastal movement are being created. These include development of dedicated coastal berths, bunkering and storage at ports and creation of supporting hinterland transport infrastructure with last mile connectivity.

<https://www.sagarmala.gov.in/project/port-connectivity-enhancement>

Sagarmala Development Company Limited

Implementation of the projects identified under the Sagarmala Program will be taken up by the relevant Ports, State Governments / Maritime Boards, Central Ministries, mainly through private or PPP mode.

The Sagarmala Development Company Limited (SDCL) has been incorporated (on 31st August 2016) under the Companies Act, 2013, after obtaining approval of the Union Cabinet on 20th July 2016. SDCL will provide equity support for the project Special Purpose Vehicles (SPVs) set up by the Ports / State / Central Ministries and funding window and /or implement only those residual projects which cannot be funded by any other means / mode.

<https://www.sagarmala.gov.in/about-sagarmala/sagarmala-development-company-limited-sdcl>

Indian Port Rail& Ropeway Corporation Limited

In order to execute the last mile connectivity rail connectivity and internal rail projects of the Major Ports more effectively and efficiently a Special Purpose Vehicle (SPV) – The Indian Port Rail Corporation (IPRC) is incorporated under the Companies Act 2013, under the administrative control of the Ministry of Ports, Shipping and Waterways, Government of India. The work of the SPV will result in substantial reduction in dwell time of cargo at Ports and bring down the overall logistic cost for trade.

<https://www.sagarmala.gov.in/about-sagarmala/indian-port-rail-corporation-limited-iprc>