Promoting Waterways

Why in news?

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The Shipping Ministry has allowed foreign flagged vessels to transport fertiliser between Indian ports by easing the cabotage law.

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What does a cabotage law imply?

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- It specifies that only Indian flagged vessels are allowed to carry cargo between Indian ports.
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- Foreign vessels can ply in Indian waters only after obtaining a licence and only if an Indian vessel is unavailable.
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- The norms to ply without license for foreign vessels has been relaxed earlier this year to transport agriculture, horticulture, fisheries and animal husbandry cargo.
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- Fertiliser is the seventh item that has been freed from restriction imposed by the cabotage law.
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What are the competitive advantages?

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- The Golden Quadrilateral and Goods and Services Tax have helped move goods faster and easier within the country.
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- But transporting goods through road still costs Rs.1.5 per tonne kilometre.
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- Also, the 3,228 km dedicated railway freight corridor that the government is building will reduce both the time and cost of transportation.

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- Currently, it costs Rs. 1 per tonne kilometre to transport goods by rail.
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- But the waterways serve as both the cheapest mode of transportation costing as low as 30 paise per tonne kilometre and also less polluting.
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- Also, with its natural advantage of a 7,500 km coastline and 14,500 km of potentially navigable waterways, India can take a lot of pressure from the road and rail infrastructure, which are costly to build and expand.
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- For instance, the 3,228 km dedicated rail corridor under construction costs over Rs. 81,000 crores.
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- Countries like china and Japan moves over 40% of goods over water while a little over 5% of the goods are moved over water in India
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- India is still looking towards road transport (over 60%) and rail (over 30%) to shoulder most of the load.
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- Hence, the relaxation of the cabotage law will increase the supply of ships for coastal shipping.
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- This should push industries and others to move goods such as cement, fertilisers, agriculture and horticultural produce through sea at lower cost.
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- This could be complemented by port connectivity and modernisation of existing ports through the Sagarmala project.
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- Along with that, two barges carrying 1,233 tonnes of fly ash were recently flagged off on river Ganga (National Waterway-1) from Kahalgaon power plant.
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- The barges will travel 2,085 km across multiple waterways to reach Pandu Inland Port in Assam.
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- This could make our waterways establish themselves as possible for cargo transportation and make compete with other sectors.
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What are the challenges ahead?

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- The government has identified 106 more waterways for navigation apart from NW-1.
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- But even NW-1 makes water transportation possible for only a few vessels and only during daytime.
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- Also, only in monsoon months when the water levels are high, transportation could be made possible in such rivers.
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- Hence measures that need adequate focus are -
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1. Dredging of rivers
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2. Building new ports
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3. A proper river information system
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4. Digital GPS for night navigation
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5. Need for better berthing facilities
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6. Ensuring quick evacuation of goods from the port
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7. Leveraging technology to offer single document for multi-modal transportation
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8. Lower port charges
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- India’s logistics cost is currently at 14% of GDP, way above the 8-10% levels in evolved economies.
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- High logistics costs blunt India’s competitive advantage, especially when it comes to the ‘Make in India’ initiative.
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- The government is right in focussing on water-based transportation to sharply reduce logistics cost.
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- It should be followed by internal reforms, so that Indian shipping companies will not be forced to under-invest in this rising sector.

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Source: Business Line

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