

### ***Maritime clusters & CEZ to bolster India's maritime sector growth under Sagarmala***

Maritime clusters are to be one of focal points for economic development along India's coastline, says a draft report prepared under Sagarmala Programme of the Ministry of Shipping.

The report on port-led-industrial development of the coastal economic clusters identifies two major maritime clusters in Tamil Nadu & Gujarat similar to the global success stories in Japan and South Korea.

Globally the shipbuilding market is dominated by China, Korea and Japan which cumulatively account for 90 per cent of the world's shipbuilding capacity. In spite of the downturn with excess capacities; this demand is expected to go up to 150 mn DWT by 2025 and 300 mn DWT by 2035 with the growth in global exports.

According to the report, India currently accounts for only 0.45 per cent of the global shipbuilding market and could target 3–4 mn DWT of the global shipbuilding capacity by 2025. With the recent policies & initiatives by the Government of India, the unfavorable cost differential faced by the Indian shipyards is expected to reduce. Subsequently, opportunity in defence sector, growth in coastal shipping and replacement of existing vessel fleet is expected to drive growth of the shipbuilding industry in India.

The report also states that India can target to achieve a 0.2 per cent share of maritime services in overall GDP by 2025. Given an expected GDP of USD 6 trillion in India by 2025, and a services share of 50 per cent, the maritime services industry is expected to be worth around USD 6 billion by 2025. Even the INR 5,000 Crore worth ancillaries market for maritime cluster can prove to be a huge opportunity for the Indian economy with engineering, fabrication and machining offering the greatest potential by 2025.

With the given potential, Gujarat and Tamil Nadu can emerge as major maritime clusters for India with scope of developing various components of the maritime cluster like ship building & ancillary services, maritime services, promoting maritime tourism and marine products.

In Gujarat, the potential marine cluster could leverage the existing ecosystem and steel supplies from Hazira. It can also utilize existing shipyards at Pipavav, Dahej & Hazira ports and ship breaking yard at Alang. The cluster will consist of existing shipyards, ancillary cluster at Bhavnagar with retail and leisure components, services cluster in Ahmedabad / Gujarat International Finance Tec-City (GIFT) and existing fish landing centres as identified by the Gujarat Maritime Board (GMB).

The maritime cluster in Tamil Nadu is proposed to be developed near Chennai due to enabling conditions like existing shipyards, major ports, steel cluster, automotive and engineering industry, universities and colleges. A 100-acre land parcel owned by Kamrajar Port Limited has been identified for cluster development in Tamil Nadu. This site is also in proximity to Kattupalli Port and shipyard.

Given the manufacturing strength, size of the ports with high traffic and synergies with other steel ancillaries, both the identified locations for maritime clusters can provide positive synergistic effect

by attracting business for the maritime industry and improving the economics for the cluster participants.

Placing India as an ideal destination for developing marine tourism, the report also suggests developing aquariums, water parks, marine museums, cruise tourism and water sports. The fishing industry would provide employment and contribute to the overall maritime economy of the State, says the report.

The report also captures overall opportunity of port-led industrial development for the country through 14 CEZs proposed along the maritime states and industrial clusters under Sagarmala. The competitive location of these CEZs will help reduce logistics costs, thus, enabling Indian trade to be more competitive globally. These proposed CEZs with proximity to ports have been envisioned to tap synergies from the industrial corridors to provide a thrust to manufacturing and industrialization under the 'Make in India' initiative of the Government of India.

Given the vast scope of Sagarmala, the Ministry of Shipping being the nodal Ministry is driving this port-led- development initiative. It is also reaching out to relevant stakeholders through workshops and meetings with the project development consultants for alignment on proposed ideas to finalize on various plans under the programme.

The report has been released on the Ministry of Shipping website.

Link: <http://shipping.nic.in/showfile.php?lid=2334>