

India set to seize big opportunity in logistic costs saving through Sagarmala

Augmenting operational efficiency of ports & optimizing logistics evacuation can give boost to Indian trade and help seize the big opportunity of growth in Indian cargo traffic at ports which is estimated to increase to 2.5 bn MMTPA by 2025, says a report prepared under the Sagarmala port-led development programme of Ministry of Shipping. The Origin Destination study on cargo traffic projections & logistics bottlenecks emphasis on the need for creation of efficient infrastructure at requisite demand and logistic chain centres.

Currently 95% of India's trade by value and 70 % by volume take place through maritime transport. Globally, maritime nations such as China, South Korea and Japan have effectively used their coastline for 'port-led development'. It is therefore essential for India to optimize logistics cost and identify capacity additions required at different ports to prepare for future traffic flow. Focusing on the total demand and supply situation of major EXIM flow of key commodities currently being handled by ports, the report suggests i) the opportunities to optimize logistics cost for existing and future cargo capacities and ii) Capacity additions or reconfigurations needed at various ports to prepare for future traffic flow, including new ports development.

The study estimates the potential to save around INR 35,000-40,000 Crores per annum by optimizing logistics flows for key commodities by 2025. Some of the key drivers identified for this are promoting coastal shipping of bulk commodities like coal, setting-up coastal clusters for bulk commodities like cement & steel and providing last-mile connectivity of ports with National Highways and Railway network.

Identifying the opportunity of increase in cargo traffic to 2.5 bn MMTPA by 2025, the report suggests various enablers for unlocking this opportunity under Sagarmala. Establishing new transshipment port, creating dedicated coastal berths ports for coastal shipping, setting up storage capacities at origin-destination ports to shorten turnaround time and developing adequate ship-repair facilities in the maritime states are some of these key enables suggested in the study.

It also captures the overall opportunity with India to save on logistic costs, make Indian goods more competitive in the global markets and hence drive its port-led-development agenda under Sagarmala. The programme aims to change the way logistics evacuation happens in India, save logistics costs nationwide for cargo handled and evacuated through seaports, boost overall economic development through ports and empower coastal communities.

The vast scope of Sagarmala implies that partnership with and support from key stakeholders is essential for success of the programme. Aligning with the government's 'Make in India' campaign, private-sector participation through PPP models will be explored for developing port infrastructure, railway infrastructure and coastal shipping. The Ministry is also reaching out to relevant stakeholders through workshops and meetings with the project development consultants for alignment on proposed ideas under the programme.

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

Link: <http://shipping.nic.in/showfile.php?lid=2333>