

# Shipping Industry in India - Moving towards Global Leadership

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## ABSTRACT

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The power dynamics of nation-states around the world have undergone a sea change in the twenty-first century with regard to foreign policy and other governance aspects. Today the world is interconnected and interdependent on each other for their growth and development. Hence, the governments have no choice but to spend heavily in their soft power matrices. Within this shifting global landscape, India has the opportunity to put in place a new framework for its own and that of developing countries around the world. As a rising global power, this must be India's principle endeavor in the coming decades.

The Republic of India is now considered as one of the emerging Global Leaders of the world, besides a fast-growing economy. We have advantages in the field of agriculture, ground breaking technology in space ,logistics and communication a relatively young and dynamic population, good foreign relations, robust democracy and competent armed forces. Maritime India Vision 2030 (MIV 2030), is a blueprint to ensure coordinated and accelerated growth of India's maritime sector in the next decade. It identifies over 150 initiatives across 10 themes covering all the facets of the Indian maritime sector and is a comprehensive effort to define and meet national maritime objectives. According to Jaishankar, (2020) India would be a country which brings its capacities to bear on the international system for global good, which is a net security provider, which is a contributor to connectivity, which is firm in dealing with challenges like terrorism, which has its values and practices, and which addresses global issues like climate change and water scarcity. With this background, this paper emphasizes the emergence of India as a global power through a number of resources and highlights the various components of MIV and how India can be in the forefront of the global maritime sector and become a global leader with special emphasis on shipping sector.

**Keywords:** Shipping Industry, Global Leadership, MIV 2030, Maritime Sector.

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## Introduction

India comprises a significant size maritime sector with 12 Major and 200+ Non-Major Ports situated along its 7500 km long coastline and a vast network of navigable waterways. The country's maritime sector plays a crucial role in its overall trade and growth, with 95% of the country's trade

volume and 65% of the trade value being undertaken through maritime transport. With the objective of propelling India to the fore-front of the Global Maritime Sector, Ministry of Ports, Shipping and Waterways has formulated MIV 2030 in consultation with over 350+ public and private sector stakeholders, comprising ports,

shipyards, inland waterways, trade bodies and associations, national and inter-national industry and legal experts. MIV 2030 identifies over 150 initiatives across 10 themes covering all the facets of the Indian maritime sector and is a comprehensive effort to define and meet national maritime objectives.

The investment made by the country in the Ports and Shipping sector, since 2014, on improvement of infrastructure, has started yielding results. Very low dwell time at Indian Sea Ports is an outcome of reforms under taken by the country in the shipping sector to enhance port productivity and improve visibility of the supply chain through digitalization.

Focus on improving connectivity to the hinterland through coordinated planning and execution under the PM Gati-Shakti National Master Plan and thrust on public private partnerships in the maritime sector has propelled India to move up to 22nd Rank in the Global Ranking in International Shipments category vis-à-vis the Overall 38th Rank as per country's Logistics Performance Index score.

## Maritime India Vision – 2030

The Ministry of has the goal of putting India at the forefront of the global maritime industry. Ports, Shipping, and Waterways has been established to make sure that growth is accelerated and coordinated for the next ten years for the maritime industry in India. The development of MIV 2030 was influenced by benchmarks, best-in-class cases, and analyses of more than 50 Acts and Laws (including state and environmental laws). Maritime India Vision (MIV) 2030 identifies over 150 initiatives across 10 themes covering all the facets of the Indian maritime sector and is a comprehensive effort to define and meet national maritime objectives. MIV 2030 envisions an overall investment of INR 3,00,000 – 3,50,000 Cr across ports, shipping, and in-land waterways categories. This vision roadmap is estimated to help unlock INR 20,000+ Cr worth of potential annual revenue for Indian Ports. Further, it is expected to create an additional ~20,00,000+ jobs (direct and non-direct) in the Indian maritime sector.

### MIV 2030 - Key targets

Key Performance indicator		Current (2020)	Target (2030)
1	Major Ports with >300 MTPA cargo handling capacity	-	3
2	% of Indian cargo transshipment handled by Indian ports	25%	>75%
3	% of cargo handled at Major Ports by PPP/other operators	51%	>85%
4	Average vessel turnaround time (containers)	25 hours	<20 hours
5	Average container dwell time	55 hours	>40 hours
6	Average ship daily output (gross tonnage)	16,500	>30,000
7	Global ranking in ship building and ship repair	20+	Top 10
8	Global ranking in ship recycling	2	1
9	Annual cruise passengers	4,68,000	>15,00,000
10	% share of Indian seafarers across globe	<12%	>20%
11	% share of renewable energy at Major Ports	<10%	>60%

Fig 1 : MIV 2030

## India's Maritime Sector: Key Highlights

- India is ranked second in the world for both shipbuilding and ship recycling.
- India has a ranking among the top 5 nations that provide trained workers seafarers which increased by 17% in manpower last three years.
- Two Indian Ports, JNPT (#33) and Mundra (#37) have the distinction of featuring in the list of top 40 global container ports. India augmented its capacity by over 65 percent across all Major Ports, exceeding its capacity of the total cargo handled in last five years ago. And over 54 percent is handled by 12 Significant Ports.
- Inland Water Transport: India has increased the modal share of cargo from 0.5% to 2% and has witnessed 19% year-on-year growth in cargo volumes over the last 5 years. India has over 5,000 km of navigable inland waterways under development.

## Principles of Guidance

The MIV 2030 was defined by the key guiding principles listed below:.

1. Analyze current and future challenges to define initiatives
2. Drive innovation by utilizing latest technology
3. Create time-bound action plan
4. Benchmark to understand current standing and adopt best-in-class practices
5. Address capability building and human resources
6. Explore ideas to achieve "Waste to Wealth"

## Global Leadership in Shipping Sector

### 1. Develop best-in-class Port infrastructure

The amount of traffic handled by Indian Ports increased from between 885 MTPA in 2010-11 and 1300 MTPA in 2019-20. The 12 Major Indian Ports processed almost 54 percent of the total cargo in 2019-20 and have seen an overall increase of about 4% CAGR in the last five years for cargo traffic.

Considering how things are changing worldwide shipping industry and 10-year traffic projections for various commodities and localized clusters.

India needs to upgrade its port infrastructure to increase its market share.

MIV 2030 has identified key interventions across 4 areas: brownfield capacity augmentation; developing world-class Mega Ports; development of transshipment hub in Southern India; and infrastructure modernization.

### 2. Drive E2E Logistics Efficiency and Cost Competitiveness

India charges more for logistics services overall benchmarks that are best in class, mainly because unit costs are higher and the hinterland distances are longer.

With the development of JNPT's port-based SEZ, port land industrialization a strategy to bring industries closer to ports has begun to gain momentum. Accessibility projects involving 200+ ports will be improved via inland, coastal, rail, and road routes to ports. To make the Indian Ports internationally competitive productivity is to be increased and establish ancillary services and better evacuation times at the location. Increased operational effectiveness is required for saving money, promoting coastal shipping, etc. and promoting port land industrialization to boost productivity and competitiveness.

### 3. Enhance Logistics Efficiency through Technology and Innovation

India needs to accelerate its export growth if it wants to capture 5% of global exports. It is crucial

for Indian Ports to improve their maritime capabilities in the next 5 to 10 years in order to offer the ease of doing business (EoDB). A National Logistics Panel (Marine) and the digitization of operational processes have been identified as key interventions to improve efficiency. Digital-led smart ports, and system-driven port performance monitoring can help us to gain global leadership

#### **4. Strengthen Policy and Institutional Framework to Support all Stakeholders**

MIV 2030 has identified key interventions for enhancing governance mechanisms and changes. As well as strengthening MCA, in already existing legislatures, and fostering public-private partnerships (PPP), financial resilience, and government support to enable overall sustainable growth in the global market.

#### **5. Enhance Global Share in Ship Building, Repair and Recycling**

Pressures from the global recession and increased competition have caused the Indian shipbuilding industry to start lose market share globally. India is one of the leaders in shipbuilding, recycling and ship repair is a very young market so creation of ship repair clusters and promoting prosperity through increased waste utilization of scrap in the steel industry acts as a major intervention in order to increase the market share of the country. The domestic demand drivers for shipbuilding are minimization of foreign exchange risks ,developing a common platform for auxiliary design and maintaining a ship design ecosystem.

#### **6. Improve freight and passenger traffic via inland waterways**

India's modal share of freight moved on inland waterways has significant potential to improve compared to other best in class benchmarks. There is an urgent need to increase the country's share Inland waterways are very economical and it is an environmentally friendly means of

transportation. The most important measures to improve passenger and freight traffic include terminal infrastructure and channel development

#### **7. Promote Ocean, Coastal and River Cruise Sector**

India's cruise industry is still in its early stages , , is growing at over 35% due to multiple

government interventions in the last 3 years

A stable political framework is essential with lucrative policies to make India a global player.

The Indian Cruise Market could grow eightfold due to increased demand and disposable income in the next decade but to achieve this, India needs to focus on infrastructure development ,optimized development and phase strategy to boost demand. Key interventions identified for development of

Cruise sector includes terminal infrastructure development; thematic coasts and islands circuit, Cruise Training Academy. Development of island ecosystems. and operationalize National Waterways ferry and river cruise terminal.

#### **8. Enhance India's Global stature and Maritime Co-operation**

Trade between India and BIMSTEC countries is growing at an annual rate of over 10% but geographical proximity and maritime connectivity can further increase the potential for cooperation. India can play a leading role in the economy to promote collaboration between countries. Developing and enhancing connectivity (ferries, cruises, cargo) with neighboring countries like Bangladesh, Sri Lanka, Maldives, etc. can help in this front.

#### **9. Lead the World in Safe, Sustainable & Green Maritime Sector**

Safer, more sustainable and green maritime sector can enhance the global leadership journey

of the Indian Shipping sector . Indian Ports must comply with international regulations and aligned marine organizations with the nine UN Sustainable Development Goals.This includes our commitment to safety, efficiency and sustainable port.

Indian ports are being built to reduce pollution and also have started some initiatives such as introduction to solar and wind energy, Swach Bharat Abhiyan, Swachh Sagar Waste Management Portal, etc. To ensure a safe working environment,Indian ports are working on implementations of several safety measures to prevent accidents and incidents

To align with best-in-class practice, MIV 2030 identifies the following key interventions of expanding and reducing the use of renewable energy,optimizing and improving atmospheric emissions and water usage,waste management, zero accident safety program and central monitoring system to further bolster India towards leading the world in Safe, Sustainable and Green ports.

**10. Become Top Seafaring Nation with World Class Education, Research & Training**

India currently accounts for 10-12% of the world's seafarers, but faces increasing competition from other countries like Southeast Asian countries such as the Philippines. The critical interventions identified to promote and improve research and innovation is education and training, development of conducive ecosystem for

**Fig 4 : Cargo traffic at major ports (Million tonnes)**



seafarers and port led capability skill development centered around the seafarer ecosystem and ports.

**Shipping Trends and Forecasts**

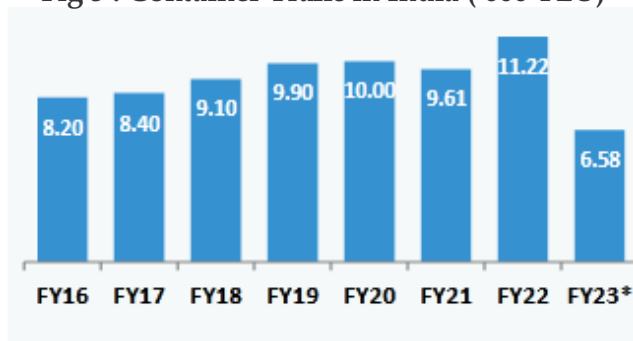
India's key ports had a capacity of 1,598 million tonnes per annum (MTPA) in FY22. From April-October 2022, all key ports in India handled 446.50 million tonnes (MT) of cargo traffic. India's merchandise exports in FY22 were at US\$ 417.8 billion, up 40% from the previous year. In FY23 (until September 2022), merchandise exports reached US\$ 231.88 billion.

The Government has taken several measures to improve operational efficiency through mechanisation, deepening the draft and speedy evacuations

By 2030, Major Ports are envisaged to be multi-modal, connected hubs, playing a major role in India's growth. There exists a critical need for coordination and governance for this digital transformation of Major Ports. Ability of each Major Port to successfully meet digital challenges would improve substantially with the institution of a centralized Digital Centre of Excellence (DCoE)for proper e-governance.

DCoE will improve cross-port collaboration and drive ability to scale benefits for prioritized technology initiatives. It will be mandated to guide Major Ports in expediting their digital maturity

**Fig 5 : Container Traffic in India ('000 TEU)**



on key components like ERP, digital applications and network infrastructure. DCoE will be part of the Indian Ports Association (IPA) and act as a central authority to drive digital transformation of Major ports. It will primarily focus on following goals –

- Standardization of technology core components
- Acceleration in adoption of digital solutions
- Collaboration with industry to develop new technologies
- Cyber security and compliance across

## Conclusion

The shipping industry is continually changing and adapting to meet the needs of the commercial marketplace, so that it can become more competitive and cost-effective. It is a huge and complex industry, which is constantly being affected by global trends and by advances in technology, materials and fuels. The future trends will perfectly illustrate some of the dynamic changes that are happening in the shipping industry and the new opportunities that these create for marine manufacturing businesses.

Maritime industry is evolving with more efficient ships, technologies and processes. As a result, capabilities required for onshore operations are also changing to computer science, marine electronics, etc. To cater to the changing demand, India needs to enhance maritime research and education in areas like marine geology, environmental science, etc. At present, Indian education and research institutes are operating independently, with limited industry collaborations which reduces the go-to-market expertise that is offered in competing global

education institutes. For instance, Norway has established knowledge cluster to co-ordinate and enhance research in partnership with industry and global universities, which promotes domestic maritime research and fosters industry collaborations.

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