



# CMEC

Centre for Maritime Economy  
and Connectivity

समुद्री अर्थव्यवस्था व संयोजन केंद्र

## Maritime Briefing

Union Minister MoPSW Shri Sarbananda Sonowal launched the Curtain Raiser event of the highly awaited Global Maritime India Summit, 2023 slated for 17th to 19th October 2023. The event is aimed at unlocking potential for new investment opportunities worth more than few trillion rupees in India's maritime sector.



CMEC seeks to provide policy inputs to MoPSW as per the Maritime Vision 2030. This includes support for the growth and diversification of India's maritime sector & developing areas of cooperation and collaboration of the Indian Ocean nations.

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# ***National***

## **Ferry service to start between India and Sri Lanka**

The passenger ferry will run between Nagapattinam (Tamil Nadu) and Kankesanthurai in Sri Lanka's Northern Province in around six months. At the port of Nagapattinam, the initial construction of a passenger terminal has started, the construction is projected to be finished in four to five months. The Ministry of External Affairs has approved ₹8 crore budget for the project which would be soon received by the the Tamil Nadu Maritime Board (TNMB), which oversees small ports like Nagapattinam,

## **Letter of intent issued by VOC Port to promote green hydrogen**

A letter of intent has been issued to ACME Cleantech Solutions Pvt Ltd by the state-owned V O Chidambaranar Port Authority, which manages the port at Thoothukudi in Tamil Nadu. The letter is issued in order to create a green hydrogen and green ammonia project that will cost INR 52,474 crore. V O Chidambaranar Port accomplishes a significant milestone by becoming the first port in India to designate 222.79 acres of port property particularly for the production and export of green hydrogen.

## **National Time Release Study 2023 released by CBIC**

A CBIC Report sheds light on the pain points of India's logistics industry and identifies delays in cargo release. The report outlined the challenges facing India's logistics sector that affect the timely release of cargo. According to the report, extensive documentation procedures, poor stakeholder cooperation, and inadequate infrastructure all contribute to delays in cargo clearance. To improve efficiency, lower transaction costs, and improve ease of doing business, the report suggests digitization, automation, and greater coordination.



## **India aims for 5000 Kms eastern regional waterways grid**

India is pursuing ways to deepen waterways connectivity with Myanmar and Bangladesh aiming to strengthen the Southeast Asian trade routes and improve port and waterways connectivity across a 5,000 km grid. India is also engaging with Bangladesh to fund ports, engage in dredging operations, and connect inland waterway networks to facilitate trade with Thailand, and other ASEAN countries. Northeastern states will be a great beneficiary of this project which will give them better connectivity to the mainland as ships can then move to international borders.

## **Care Edge report released on Indian Shipping Industry**

According to the Care Edge report on Indian Shipping Industry, crude and product tankers make up most of the Indian shipping fleet, accounting for 57% of the total capacity. Following at 16% are dry bulk carriers, while container ships make up about 5% of the fleet. Given the dominance of these vessel types in the Indian fleet and the expectation that oil, and product tankers will perform better than container vessels globally, the Indian shipping industry is predicted to continue its steady growth in FY24.



## **Greenhouse gas strategy ratified by International Maritime Organization**

On July 7, 2023, the International Maritime Organization's member nations ratified the Greenhouse Gas strategy and committed to achieving net-zero GHG emissions from international shipping by the year 2050. 20% to 30 % by 2030 and 70 %to 80% by 2040 will serve as interim checkpoints. The greenhouse gas (GHG) reduction goals for shipping are greatly strengthened by this historic agreement, which replaces the 2018 Initial Strategy. IMO member states will also discuss the specifics of the marine fuel standard and the structure of the GHG emissions pricing system parallelly.

## **Trial Shipment through INSTC via Chabahar Port**

In a move to boost trade through the International North South Corridor (INSTC), India and Iran plan to step up the operationalization of Indian trade with Russia through INSTC via the strategically vital Chabahar Port. A trial shipment to test trade links from Russia to India will be attempted in the next 6-8 months. This shipment may go through Shahid Behesti Terminal at Chabahar Port which is operated by India viz-a-viz the previous test runs which went through Bandar Abbas Port.

## **Baltic Exchange Index shows weak demand for larger vessels**

Due to weaker demand in the larger vessel categories, the major sea freight index of the Baltic Exchange ended the trading week down 10%. However, the overall index, which considers the costs of capesize, panamax, and supramax shipping vessels transporting dry bulk goods, grew by one point to 978. The capesize index increased by 21 points, or around 1.5%, to 1,442, although it has already decreased by over 13%. These ships, which normally carry 150,000-tonne loads like coal and iron ore, saw a rise in their average daily profits.

## **Digitization in payment mechanisms supports seafarers with wages**

Digital payments enable seafarers to receive wages on time, despite global conflicts and supply chain disruptions. Digitalized finance enables these workers to avoid excess costs and convert wages into their desired currency. The introduction of integrated payroll payment services put seafarers in charge of data companies. Companies like MarTrust, specifically working for the digitization of the maritime industry are supporting the cause which helps seafarers avoid the challenges and initiate easy transactions.



# Commentary

## Chattogram, Mongla Port Agreement and India



The Agreement concerning the use of Chattogram and Mongla Ports for the movement of goods between the People's Republic of Bangladesh and the Republic of India was signed on 25th October 2018. This agreement remains in force for 5 years with an automatic renewal for successive periods of 5 years unless either party provides a 6-month prior written notice of its intention to terminate the agreement.

As the agreement approaches its 5-year expiration on 24th October 2023, it has become evident that there are several challenges affecting trade on the Indo-Bangladesh Protocol route. These issues need to be addressed with utmost urgency and cooperation between the concerned authorities to ensure the smooth functioning of the trade corridor.

### **Issues Faced on the Indo-Bangladesh Protocol Route**

- 1. Extended Voyage Time and Dredging:** The voyage from Haldia, India, to Pandu in Assam, India, covers a considerable distance due to numerous shallows, resulting in extended voyage times for barges. To make this route viable and regular, it is essential to maintain a minimum draft of 2.5 meters throughout the navigational channel. Dredging along the stretch between Bahadurabad in Bangladesh and Pandu, India (344 km river distance) is necessary for regular movement. Additionally, providing shallow-drafted barges by IWAI would further aid in improving the situation.
- 2. Lack of Night Navigation Facilities:** There are many points, where no night navigation facility is in place during the entire voyage path, resulting in the anchoring of barges during nighttime, whereby the idling time of barges is high. Implementing night navigation facilities will enhance operational efficiency and reduce delays.
- 3. Inadequate Handling Facilities at Pandu Jetty:** Pandu jetty, lacks proper handling facilities & expertise for safe handling of Steel cargo. The unavailability of adequate resources such as cranes and ground handling equipment increase handling time. Local cargo handling agencies' charges are also not commercially viable, necessitating improvements in handling infrastructure and cost-effective solutions

4. **Unviability due to Non-availability of Return Cargo:** The route becomes unviable because of the non-availability of return cargo to Kolkata/Haldia. Encouraging the flow of return cargo is crucial for sustaining the trade route's economic feasibility.
5. **Streamlining Commercial Documentation:** India & Bangladesh share only four common working days pertaining to commercial documentation. It would bring more agility in the transit movement if there were a steady & reliable system developed to grant such permissions even on weekends. It is proposed that single custom clearance may be considered to avoid the present system of multi-clearances from customs in Bangladesh under the National Board of Revenue (NBR). This will considerably reduce the time taken by the barges to reach Ashuganj (Bangladesh) jetty.
6. **Infrastructure issues:** a) The Bangladesh/ Indian trucks often suffer delays due to additional paperwork at the last mile. Plans to improve the mechanical handling facility at ICP Agartala (LPAI) may be expedited. The loading/unloading activity, if it continues 24\*7 instead of weekly off on Fridays/Holidays will be a productivity booster. b) The Ashuganj Jetty lacks basic infrastructure for handling steel cargo. It is essential for the two governments to collaborate for development of cost-effective labor and equipment support to attract cargo and ensure the efficient functioning of this transit route.
7. **Rationalizing Handling Costs and Storage at ICP Agartala:** The rates of handling cargo and storage at ICP Agartala could be rationalized to make the transit route economically viable for cargo movement.
8. **Demarcation of River Channel:** Installing buoys to demarcate the Indo-Bangladesh Protocol Route will facilitate safer and more efficient navigation, ensuring smooth passage for vessels.

Addressing these issues promptly and proactively will enhance trade efficiency and strengthen the Indo-Bangladesh trade relationship, creating a more favorable environment for commerce on the Protocol route.

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*(The views expressed here are those of the author and CMEC assumes no responsibility for the accuracy or otherwise of them)*

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