

The Economic Times

Title: Inland waterways: How Nitin Gadkari is steering some of modern India's biggest infrastructure projects

Author: Binoy Prabhakar

Location:

Article date: 8th February, 2015

As minister of road transport and highways, and shipping, Nitin Gadkari runs a highly visible and critical ministry in the Narendra Modi government, but has — surprisingly — shown an averseness to the spotlight. He does talk occasionally to the press, as he did earlier this week about the prime minister asking him to prepare a policy to promote clean fuel. There is also the customary speech at government functions. Not to forget the odd controversy when he was snapped riding a scooter without a helmet or when he is said to have shown a keen interest in becoming the chief minister of Maharashtra, his home state.

But Gadkari has mostly maintained a low profile during the eight months in charge. That should not actually surprise in a government with Narendra Modi as head. An official at the shipping ministry said he and his colleagues respond to an enquiry from the Prime Minister's Office first and faster than they would do to a task from their minister.

Gadkari may not be the man about town, but he has not been idle at work. Far from it, he has envisioned some of modern India's biggest infrastructure projects yet. They are all centred on inland waterways — an old, creaking and perennially ignored part of India's infrastructure — in his capacity as shipping minister. Each of the projects (see Gadkari's Big-Ticket Maritime Projects) has the potential to radically transform the economy and increase the competitiveness of Indian companies.

Ambitious Plans

Take Jal Marg Vikas, a World Bank-assisted project to develop the stretch on River Ganga between Haldia in West Bengal and Allahabad in Uttar Pradesh and make it navigable for ships with a depth of at least 3 meters. The project, worth `4,200 crore, has the potential to serve a number of big cities such as Haldia, Howrah, Kolkata, Bhagalpur, Patna, Ghazipur, Varanasi and Allahabad, their industrial hinterlands, and several industries located along the Ganga basin. The benefits are immense. As the rail and road corridors of this region are already saturated, the development of this stretch of the river would create an alternative mode of transport. Huge quantities of bulk cargo can pass through the river. Transport costs of shippers will fall.

Increased cargo traffic on large vessel between Haldia & Farakka will boost the economy of these regions. Congestion and accidents on highways too will reduce. There is already an urgent demand to facilitate navigation by bigger vessels of 1,500 tonnage as many potential shippers (thermal power plants, cement companies, fertilizer companies, edible oil companies, Food Corporation of India) have shown interest, according to the details of the project prepared by the regulator Inland Waterways Authority of India (IWAI).

No less significant is Gadkari's plan to declare 101 water bodies across the country as National Waterways (NWs) in one go. A river, creek or canal is developed by deploying dredgers to remove sand and silt and build accompanying infrastructure such as barges, storage facilities and container depots. But the government must first declare it as a National Waterway (the central government has jurisdiction over a NW, including development and regulation for shipping and navigation by vessels. Right over usage of water, ownership of adjacent land remain with state government as do jurisdiction over all other water bodies). To do so, the government requires approval from parliament, unlike the case of highways where a notification in the official gazette does the trick. That is cumbersome and time consuming, which is why since Independence, only five water bodies have been declared as NWs.

Gadkari has proposed amending the Constitution to obviate the requirement of parliamentary approval for declaration of NWs. The shipping ministry has prepared a draft Cabinet note proposing to declare all the identified water bodies (see 101 National Waterways) as NWs through a single legislation instead of going through the motion of enacting separate legislations for each. The law ministry has sought more details on the new NWs.

It has asked the shipping ministry to provide the exact location of the water bodies and the stretches that will be developed, among other details.

Both these initiatives are testimony to the foresight and deftness Gadkari has brought to the shipping ministry. India has an abundance of water bodies — rivers, canals, creeks, lakes and the like — that can be developed as viable inland waterways, but like much else, its maritime infrastructure has long been crying desperately for government attention.

Vinayak Chatterjee, chairman and managing director, Feedback Infrastructure Services, which advises companies, said he is pleased that the minister has zeroed in on a historically neglected sector. "India is blessed with a number of water bodies but this sector has been surprisingly neglected."

No kidding. Even the existing NWs, with the exception of the one in Kerala — its direct connection to the Cochin Port facilitates trade — are in name only and require immediate upgrade. Transport and logistics company Jindal ITF carries imported coal from Haldia NTPC's power plant at Farakka on NW1 but that is because it has customised its vessels. National Waterways 4 and 5 were declared in 2008, but it took the IWAI six years to simply open an office in the states concerned.

Multiple Benefits

Inland waterways offer a more efficient mode of transport than rail or road — a single barge has the dry-cargo capacity of 50 trucks or 15 railcars. (see Plenty of Potential). Barges are also not fuel gluttons, emit fewer greenhouse gases and cause far fewer deaths than either trains or trucks. Yet, government attention has always been fixated on railways and roads. Not that it has helped. Both these modes of transport are congested. That makes it all the more critical to give a facelift to inland waterways to make them a supplementary transport network (see Divertible Traffic From...). The eastern region is ideal for a waterway grid due to the proximity of NWs.

The number of ships calling at Indian ports has been rising — about 45,000 ships dock at Indian ports in a year; more than half the number at major ports — owing to increasing trade. Typically, when shipping to and from a country increases, so too does the use of inland waterways. India has proved to be an exception.

The primary mode of transport for much of India's exported commodities such as fly-ash, foodgrain, cement, stone chips and the like remains the railways, except when container ships are located within 300 km. Then roads become the preferred mode (for distances less than 100 km, pipelines are used to ship liquid petrochemicals).

According to the latest data from IWAI, India's inland waterways carried 70 million tonnes of exported commodities in 2012 compared with 55.82 million tonnes in 2008. More than 60% of this cargo was iron ore. Owing to the iron ore export ban in Goa, the size of exported commodities using inland waterways is estimated to have fallen to around 35 million tonnes in 2014. These are dreadful statistics. The inland waters of the US, European Union and China carry 615 million tonnes, 565 million tonnes and 1.1 billion tonnes of cargo, according to an IWAI paper published last November. The number of vessels carrying cargo that ply on their waters are 31,000, 11,000 and 200,000, respectively. Hardly 1,000 vessels pass through Indian waters. "These countries have maintained and upgraded their river systems on core routes that can support large modern vessel fleets up to 40,000 tonnes of cargo on a single voyage," said the IWAI paper. India is still looking to create depth in its waters for 1,500 tonnage vessels to pass through. Even poorer nations such as Bangladesh and Myanmar have developed superior inland waterways than India.

Shoddy State

It is not for lack of funds that India's inland waterways are so pathetic. Nearly 45% of the budget allocation to the shipping ministry has traditionally gone to inland waterways. IWAI itself received over Rs 41 crore in 2014-2015, but spent only a fifth of the money.

Nor is it for lack of demand. In the recent past, a substantial demand for waterway transportation has emerged for commodities such as coal, fly-ash, food grains, cement, stone chips, edible oil and the like on NW-1. Shippers too are interested to use NW-1 if adequate infrastructure is provided for navigation, according to IWAI.

Anand Sharma, director, Mantrana Maritime Advisory, said inland waterways require large public investments similar to what have been made in the road and railways sectors in India, but the government has never come up with a realistic policy. "Their approach has been either lackluster or too ambitious to achieve."

One of the worst execution of such projects is the inland waterway jetty at Patna, according to Sharma. "The government made a beautiful jetty smack in the middle of the city, but it is a nightmare to evacuate large volumes of cargo unloaded there. There is no backup land for storage of cargo in the open or in warehouses," he said. Jetties are of no use if they can't function like a port.

Sharma said he knew a cement company that was keen to ship cement on inland waterways. "It wanted to use the Patna jetty for distribution in the city and other parts of Bihar. But after seeing the condition of the jetty, it dropped the idea."Gadkari wants to change this awful state by launching multiple projects simultaneously. That's not all.

His ministry has also drawn up plans to improve affiliated fields, particularly cruise tourism, which is plagued not just by government apathy but also by red tape and shocking rules (see Cruise Tourism). Example: the crew of foreign cruise vessels are lavish spenders, but they can hit Indian shores only between 8 am and 8 pm. Their visits too are restricted to city limits.

Last December, captain Jose Vilarinho of the US-based Azamara Club Cruises told reporters that he will take India off the route map if the immigration and customs norms are not eased. "If India wants cruise liners to call on its ports, the procedures have to change," he said.

India has big rivers such as Ganga and Brahmaputra, but cruise tourism is still dormant. Indians aren't even allowed to board foreign vessels calling on Indian ports. That means they have to fly to Singapore or Malaysia to experience cruise tourism.

Ratna Chadha, chief executive, Tirun Travel Marketing, which represents three foreign cruise companies in India, said the sad state of cruise tourism in India is an age-old story. "River cruises in India suffer from a piecemeal approach by the government. Every city in Europe has a thriving river cruise industry. Why can't we do the same?"

Ships and Planes

Gadkari wants to do exactly that. He is looking to create the infrastructure for cruise facilities. As the first step, the shipping ministry has sought a status report from the traffic managers of the Chennai Port Trust. A report from the Port Trust concludes that no project has been held up due to financial shortage but the bane of sector has been red tape. The ministry is about to talk to its counterparts to help the industry.

The ministry is also exploring seaplane connectivity from various ports. Junior shipping minister Pon Radhakrishnan told the Rajya Sabha on August 12, 2014 that the Mumbai port has launched a preliminary study to run seaplanes between Girgaon Chowpatty in south Mumbai and Juhu in the suburbs.

Siddharth Verma, co-founder and director of seaplane company MEHAIR, said the shipping ministry's interest in boosting seaplane operations makes perfect business sense because there are plenty of affluent passengers who want to save time and are longing for a convenient mode of transport.

MEHAIR has launched services from the Jaigarh Port to Ganapatipule beach in Maharashtra. It is also in talks with the Gujarat Maritime Board to connect Pipavav Port with Mumbai. "Given the scale of operations, we can manage for now. But it will be great if the government can chip in as we expand," said Verma.

Verma said inland waterways badly needs a centralised policy and the government must push for single window clearance for approvals. "At least minimise the number of approvals. It is frustrating and so many of our efforts are being stonewalled," he said. No doubt, Gadkari has the right intent. But is he biting off more than he can chew? He could be exceeding his brief in at least the plan to revive the Yamuna, given that there is a ministry of water resources whose job is exactly that. As the existing National Waterways are in a shambles, a few experts believe that Gadkari should have developed those before launching new ones.

Plenty of obstacles surface between approval and completion. Most of Gadkari's projects require dollops of capital, a tall ask for a fiscally conscious government, and land. Creating the infrastructure too is no picnic. Navigable waterways cannot work without open river navigation techniques, dredgers, modern river information systems, digital global positioning systems, night navigation units and modern methods of channel marking, besides terminals.

Unlike other countries, rivers in India suffer from high siltation. Even a navigable fairway with a channel width of up to 45 metres and depth of 2 metres is a major challenge due to heavy silt loads. Thousands of tonnes of waste dumped by cities on river banks add to the problem. Gadkari's own roads department has played spoilsport by building low bridges on rivers that impede passage of ships.

Man for the Job?

Gadkari's ambitions will also not bear fruit without the private sector's participation. The spectacular failure of the public private partnership (PPP) model has put a big question mark on this front too. Feedback's Chatterjee said he favours a programmatic approach to building infrastructure. He said when former prime minister AB Vajpayee launched the Golden Quadrilateral (an expansive road network), there were similar arguments. "We should rise above such arguments."

Gadkari's challenges are manageable, according to Chatterjee. "If there is return of capital, private companies will join." Sharma of Mantrana said private companies are already present in inland waterways that are financially feasible.

Indeed, there is a huge scope for companies to make money because they can collect toll money, charge for freight, build real estate and launch tourism services.

Gadkari also has an impeccable record in executing large projects. As PWD minister of Maharashtra from 1995-99, he completed development projects worth Rs 6,000 crore. He succeeded using the PPP model. And if there has ever been a pro-business government, it is this government.

Verma of MEHAIR said the new minister means business, is ready to hear suggestions of industry and meet business leaders. "It is these little things that keeps us in the business."