



Blue Economy – Wave 80

(Series on "Blue Economy" By Capt. Gajanan Karanjikar)



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Blue Economy and National Waterways : (cont....)

Strategy to increase the traffic and Goods carriage: (Part -2)

Inland waterway network has no continuous connectivity. It requires a multimodal network comprising water bodies and roadways, including culverts, bridges etc, to be developed. This involves investment in a large number of activities to be carried out for infrastructure development. Some of the port/terminals, such as Varanasi are planned as multimodal hubs which will connect rail, road and waterways. Moreover, the Integrated National Waterways Transportation Grid plans to link many of the national waterways to each other and also to roads,

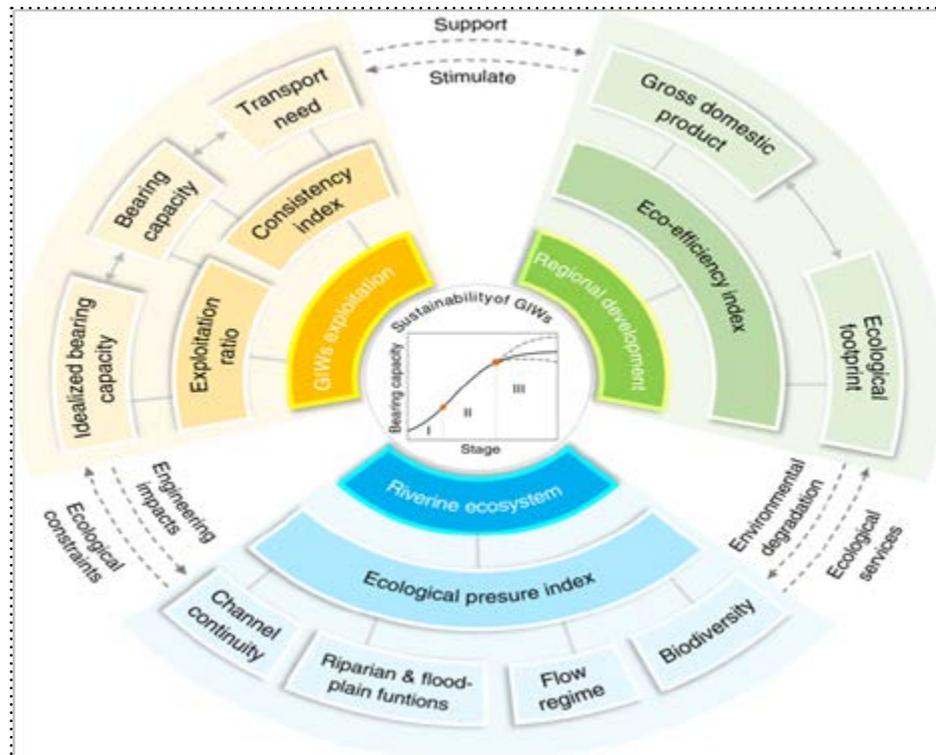


railways and major ports. The capital cost of the Grid is estimated at Rs. 22,763 crores with phase-I (2015-18) estimated at INR 2,631 crore and phase- II (2018-23) at INR 20,132 crore.

In addition, setting up of a large number of ports/terminals, riverside jetties, godowns, boat building workshops, repairing yards and ancillary industries, will spur investment opportunities.

A well-developed and connected inland waterways network

- could bring a fundamental alteration in the logistics scenario of the country.
- a ready built infrastructure network, which can be utilised without any further capital investment.
- The network requires no green field investment, but only capex for improvement/upgradation.
- Waterways can decongest roads, including highways by moving cargo away.



*figure courtesy - Golden Inland Waterway (GIW)

- Waterways do not involve challenges associated with land acquisition, which has always been a sensitive issue, causing time and cost overruns of numerous projects.

- The significant investment which India needs to build its roads/highways infrastructure network can be conserved through increased utilisation of the waterways.

- User charges can be levied to meet the expenses on maintenance of the waterways.

The National Waterways Bill 2015, tabled in the Parliament mentioned that,

"Inland water transport is recognised as fuel efficient, cost effective and environment-friendly mode of transport, especially for bulk goods, hazardous goods and over dimensional cargoes. It also reduces time, cost of transportation of goods and cargoes, as well as congestion and accidents on highways." They are expected to also "help create seamless interconnectivity connecting hinterlands along navigable river coasts and coastal routes" and "are likely to play a crucial role in connecting the north-eastern states to the mainland."

Shipping Corp privatisation in troubled waters

NEW DELHI
Sagar Sandesh News Service

The qualification of Safesea Group to participate in the privatisation of Shipping Corporation of India (SCI) has stirred up a hornet's nest following revelations of a long-running dispute the US-based firm has with the State-run carrier over unpaid dues for services rendered, a matter that would have led to the disqualification of the company from the bid as per the eligibility norms set by the government

To recover the unpaid dues of some \$500,000 including interest, Safesea even went to the extent of arresting a dry bulk carrier owned by SCI with the help of a local court in Durban, South Africa last November. SCI managed to get the ship released on a guarantee given by the firm's protection and indemnity club (insurer) that covers the claim made by the aggrieved party until the dispute is decided.



The arrest of the ship was widely reported. The case is now being fought in the South African court.

The "general restrictions" set by the Preliminary Information Memorandum (PIM) seeking expression of interest from potential bidders for the deal states:

"Additionally, the interested party (IP)/Consortium Member and its/their respective Subsidiaries and Associate

Companies thereof and Parent should not be party to any existing material disputes or legal proceedings by or against SCIL or its directors in capacity as directors of SCIL, which proceeding may be prejudiced by the participation of the IP or any Consortium Member in the selection process of the Transaction".

"Big lapse"

Safesea Group is one of the three parties qualified by the government's transaction

advisor, RBSA Capital Advisors LLP, in April-May to proceed to the next round of the disinvestment process.

Government sources in Delhi point to a "big lapse" in qualifying Safesea Group.

"It's not that the transaction advisor was not aware of the arrest of the ship; it was all over the place," said a government source briefed on the matter

The unpaid dues relate to bills for arranging container, breakbulk and unconventional cargo shipment services for SCI provided by Safesea to the United States, a destination to which SCI does not operate liner services. Hence, it has to rely on forwarders such as Safesea to haul the cargo.

"If any money is outstanding, it has to be resolved amicably. In all fairness, it is SCI's fault," the government source said.

The arrest of a ship in a commercial dispute is seen as a serious matter. .

The PIM was issued by the transaction advisor on December 22, a few days after the arrest of the ship.

Indian origin businessman S V Anchan, the Chairman of Safesea Group, said that his firm undertakes regular shipments involving container, break bulk and unconventional cargo for SCI.

Arrest over dues

The ship was arrested to recover the dues which had crossed a certain period due to delays in processing of the bills by SCI, he said.

Firms that have been qualified can still be disqualified, according to the PIM.

"If any information becomes known after the interested party (IP) has been qualified to receive the access to data room and request for proposal (RFP), which information would have entitled the GoI /TA (transaction advisor) to reject or disqualify the EoI of relevant IP, the GoI /TA reserves the right to reject the IP at the time or at any time after such information becomes known to the GoI /TA," according to the PIM.