

## Problems and Prospects of Shipping Business in India

**D. Aravind**

Special Visiting Faculty, Indian Maritime University, Chennai Campus,  
Uthandi, East Coast Road, Chennai – 600119  
aravind@imu.co.in

### 1.1 Introduction:

The growth in international trade, removal of trade barriers being the principal reason, has made the developing countries to concentrate more on the improvement of their infrastructure, like roads, airports, seaports, which play a vital role in the development of the economy. Product storage, along with the capacity to move large shipments, have placed the shipping industry in a very advantageous position. Containerization, multi-modal transport services, advancement of marine engineering technology, specialized systems, and computerization have contributed towards making sea transport as a prime mode for movement of internationally traded goods. However, the development of shipping industry in a country also depends on its population density, economic advancement and many other inter-related conditions, like port and refuelling capacities.

India has been blessed with a long coastline of 7,517 kms. The physical features of the coastal regions of India are a sort of terra incognita. Coastal India is characterised by a combination of deltas. And the Indian ports owe their existence to the projection afforded by the natural bars and spits in the Indian coasts. India's geographical setting has played a vital role in the progress of maritime activity. In fact the Indian waters have been an engine to aid the growth of trade.

Maritime transport, which plays a vital role in the development of the country, comprises ports, shipping, shipbuilding and ship repair, and inland water transport systems. According to the Ministry of Shipping, Government of India, approximately 95% of the India's trade by volume, and 70% by value, is moved through maritime transport. India is among the top 20 leading countries having large number of merchant fleets in the world. The Gross Tonnage (GT) under the Indian flag was 10.1 million GT as of 1.09.2010, with as much as 1029 ships in operation.

Given that in the contemporary global economy, developed as well as emerging economies are emphasizing more and more on the importance of coastal trade and shipping, the answer to why India which today is very much

firmly planted in the global business not doing as 'Romans do' is the pressing need of the hour.

### 1.2 Statement of Problem:

Like other economic sectors, maritime transport, which by volume carries over 80% of global trade, has a role to play in addressing formidable challenge of climate change. International maritime transport is playing a part in contributing to climate change, but more importantly, it is also likely to be directly and indirectly impacted by the various climate change factors, such as rising sea levels, extreme weather events and rising temperatures. The wide-ranging impacts of climate change, including that from maritime transport, and their potential implications for trade, economic growth and development, underscore the need to integrate climate considerations into strategies for transport planning and development. Increasingly, it is being recognized that considered and concerted actions are urgently required to ensure effective control of greenhouse gas emissions and to establish the requisite adaptive capacity in the shipping industry, especially in developing countries. Recognizing the importance for the maritime transport sector of contributing to global efforts, IMO's Committee is considering a number of mitigation measures.

The economic globalization has promoted the international flow of trade, investment, technology and financial capital, as a result of which, the globalization of the international shipping market has been accelerated further. Economic globalization has brought about the following influences on global shipping industry:

First of all, the global sea trade will continue growing. More and more shipping cargo with higher knowledge content and higher added value requests high-quality transportation service.

### 1.3 Objective:

The major objective of the present study is to analyse problems and prospects of shipping business.

Today, just like other business, shipping business has also to grow in a competitive environment. Today Service Industry is the dominating factor. It is also necessary for the shipping business to retain skilled and trained employees.

In this competitive environment finance, quality in service, human resources and market potential are some of the issues that may influence the growth of shipping business. Hence, in the present study an attempt to be made to study the problems and prospects of shipping business in India (A Case Study of an Indian Shipping Company).

#### **1.4 Limitations:**

With the developments of the world economy and trade, the global sea trade will continue growing. Although some unstable factors, especially unexpected events, have great effects on the world economy and the international shipping industry, because worldwide economy centers become multigular, the global trade volume are going up.

Meanwhile, rapid development of science and technology leads the knowledge content and added value of goods increase obviously, which requests high-quality shipping service.

Next, with international transportation entering the age of integrated transportation and modern logistics, a new great revolution will take place in shipping industry.

The global economic integration and the increasing expansion of transnational corporations make the equipped mode of shipping internal resources turn from that of shipping line to that global carrier, and will gradually coordinate and combine so many resources worldwide such as personnel, equipment, information, knowledge and network to coordinate and rectify, so as to form the operation system of the global integration.

Logistics has loosed its nationality, which is reflected in four respects: distance, document, diversity in culture and demands of customers. This means that in different countries and regions, logistics is longer in distance, more complicated in document, more changeful in product and service requirements, meeting various culture differences. Those well managing multinational, multifunctional and multicultural business in logistics hold the unique competitive advantage in the contemporary era.

At the same time, modern and efficient ports are necessary and powerful tools for facilitating and fostering trade and development and more so at a time of globalization of trade. Nowadays, ports must offer efficient and reliable services to ships and cargo, including communication systems, documentation and customs procedures, to allow the timely flow of goods through the transport chain. Therefore, ports are no longer simply a place for cargo exchange but are a functional element in the dynamic logistics chain through which commodities and goods flow. Considering that port services have been instrumental for the development of transshipment operations on the scale observed today, more and more ocean shipping companies focus on investment in ports.

Furthermore, 'Mass Customization' service becomes a good solution to provide customers with tailor-made quality services, at the same time it brings about scale effect to shipping companies. To do that, while going in for large-size and high-speed ships, shipping companies are in pursuit of suitable middle-size and small-size ships.