

Sagarmala project may boost exports from six identified sectors

Port-led industrial development holds key for the realization of Aatmanirbhar Bharat and hence there is a need to expedite infrastructure projects under the ambitious Sagarmala project, which was approved by the Union Cabinet in March 2015. The project aims to upgrade port infrastructure, port connectivity and introduce port-based industrialization to leverage the 7,500 km coastline and 14,500 km of potentially navigable waterways in the country.

Ports have been the driving force of economic development around London, New York and Singapore. In India too, the industrial and commercial development of Mumbai, Kolkata and Chennai owes significantly to the adjoining ports in these cities.

India's Sagarmala project has been inspired by the contribution of coastal industrial areas to the economic growth of China, Taiwan, Singapore, Netherlands, USA and other countries. The Hsinchu science park in Taiwan contributes 7% to the GDP of the Special Administrative Region, Chittagong Export Processing Zone contributes 8% to exports of Bangladesh and the coastal city of Ulsan in South Korea houses the world's largest automotive and shipbuilding hub. Similarly, South Korea's coastal area of Pohang accounts for 25% of steel production in the country, the port area of Rotterdam contributes 3% to the value added of Netherlands, while Houston supports 9% of jobs in the state of Texas in USA.

According to a study conducted by the Union Government for Sagarmala programme, India may increase exports from six identified sectors from USD 57 billion in 2014 to USD 207 billion by 2025 if the project is implemented as per the plan. These six sectors are leather, apparel, furniture, automotive, food processing and electronics. These six sectors had a share of 18% in India's merchandise exports in 2014 and this share may grow marginally to 20% if India implements Sagarmala project as per the initial plan and also set up new manufacturing in these sectors along the identified coastal areas.

In order to boost exports from these sectors, the government identified potential industries that can be established along India's coastal regions once necessary port and logistics infrastructure is developed. For instance, power and electronics apparel cluster can be set up near Raigarh and Pune region, steel, refining and food processing cluster around Ratnagiri, Sindhudurg and Goa, apparel & automotive cluster in Saurashtra region of Gujarat and petrochemical cluster near Dakshina Kannada.

The project also envisages setting up of two science & technology clusters (for electronics manufacturing), three apparel clusters, leather and footwear clusters, two food processing clusters, three power plant clusters, four petrochemicals, two refinery and one automotive clusters along coastal areas. These clusters will cumulatively result in Rs. 8 lakh crore worth of investment and create four million direct jobs and six million indirect jobs.

The project also includes a comprehensive coastal community development plan for better utilization of the 18% of India's population that reside in the 72 coastal districts of the country through skill development and livelihood generation programmes. Youth in these coastal areas will be trained on fisheries, aquaculture, cold chain and logistics management, tourism and recreational facilities, besides other trade related to marine ecosystem.

The shifting global supply chain in the post pandemic world poses a good opportunity for India to attract foreign direct investment in these identified sectors. Therefore, government should expedite Sagarmala project in order to realize the potential gains in exports in these six sectors.

Notifications

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Prime Minister's address at the dedication of Rewari - Madar section of Corridor

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1686765>

Industrial Development of Jammu

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1686744>

Seventh Trade Policy Review: WTO

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1686692>

Details of freight corridor dedicated to nation

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1686785>

DGFT

Revised Policy conditions for import of certain goods

<https://content.dgft.gov.in/Website/dgftprod/b8332978-c197-419b-a33b-e571ba84cd64/Notification%2055%20English.pdf>