

Oration 19: 2017 K.R. Narayanan Oration

Message from the President
of the Republic of India



I am happy to know that the Australia South Asia Research Centre (ASARC) at The Australian National University is organising the 19th K.R. Narayanan Oration on ‘India: A Resurgent Maritime Nation, Harnessing the Blue Economy’ by Admiral R.K. Dhowan (Retd), currently Chairman, National Maritime Foundation on 25 May 2017.

India is a major maritime nation. The Indian seaboard has been the centre of intense maritime activity over several centuries. India has been cooperating with other maritime nations in the sustainable utilisation of ocean resources and providing security. Recent Indian initiatives in this area include the International Fleet Review in February, 2016 in Visakhapatnam where the Prime Minister outlined India’s policy of the development of the Indian Ocean through ‘SAGAR’, or ocean, which is also an acronym for ‘Security and Growth for all in the Region’.

The concept of 'blue economy' is emerging as the new paradigm and aims at sustainable development of the oceans. The importance of this 'blue economy' is underscored by the fact that in 2014 international trade accounted for nearly 50 per cent of India's GDP with 95 per cent of this trade by volume and 72 per cent by value dependent on ocean transport.

I wish the event all success.

Pranab Mukherjee
New Delhi
22 May 2017

India: A Resurgent Maritime Nation, Harnessing the Blue Economy

R.K. Dhowan

The Deputy Vice-Chancellor of The Australian National University, High Commissioner of India, Professor Jha, distinguished guests, ladies and gentlemen. It is indeed a distinct honour and a proud privilege for me to be present here today at The Australian National University to deliver this year's K.R. Narayanan Oration and share my thoughts with such an eminent audience.

President K.R. Narayanan, India's 10th president, was born on 27 October 1920 in the coastal state of Kerala. He was a distinguished diplomat, an erudite scholar and a capable leader with a maritime vision. As president of India, he reviewed the first International Fleet Review off Mumbai in 2001. Nearly 30 navies of the world participated. During his address, he said that a nation's independence and prosperity depended on the security of the seas, and he described the Fleet Review as a magnificent demonstration by navies of the world to build bridges of friendship among nations.

The subject of my talk today is also related to the seas and oceans and I shall specifically talk about India as a resurgent maritime nation, harnessing the blue economy.

The ocean and the seas have always enthused each one of us, as we all are tied and connected to the oceans. The world's history, its geography, its interactions in a globalised world, its development and security, are all intimately and intricately connected to the oceans around us. Our blue planet, the Earth, has a large maritime domain, with over 70 per cent of

its surface covered by water, nearly 80 per cent of its population living within 200 nautical miles of the coast and about 90 per cent of its trade transiting by sea.

India is essentially a maritime nation and the Indian seaboard has been the vortex of intense maritime activity over centuries. The Indus Valley civilisation that existed in the western parts of India dates back to 3,300 BC. Even today we have a dry dock at Lothal in Gujarat that dates back to 2,200 BC. It is from these small ports that seafarers sailed to distant ports in Mesopotamia, ancient Egypt and the east coast of Africa. On the east coast of India we had the seafaring kingdoms of the Kalinga, the Cholas, the Pandyas and the Cheras who sailed to distant countries in South-East Asia and established trade and cultural links. Even today, in some South-East Asian countries, we can see glimpses of Indian cultural heritage in language, architecture, customs and traditions.

India lost its supremacy over its surrounding sea areas with the arrival of European sea powers, beginning with the arrival of the Portuguese sailor Vasco da Gama on 20 May 1498 at Calicut. Vasco da Gama was followed by Dutch, British and French seafarers.

Indian shipbuilding is synonymous with India's seafaring tradition. Indian shipbuilding was legendary for its high quality even during the British period. In the 100 years after 1753, the Bombay naval dockyard built more than 115 war vessels and 144 merchant ships, including 84 gunships for the Royal Navy. In fact, HMS *Trincomalee*, the oldest British warship afloat and still in commission in the UK as a museum ship (at Hartlepool), was built in India for the Royal Navy by Wadia shipbuilders of Bombay in 1817. The period from 1900 onwards began India's gradual maritime revival and we see a renewed vigour in this century.

Oceans are central to life on Earth. They are rich in oil and minerals resources, suppliers of oxygen, absorbers of carbon dioxide, a virtual heat sink and rich in biodiversity, and they have emerged as the global economic highways for the transit of trade.

With the depletion of resources on land, humankind has turned towards the oceans. There is a common misperception that oceans have an unending resource base and are an infinite sink. Yet, nothing could be further from the truth. Over the past few decades, we have witnessed pollution of the oceans, contamination of the natural marine habitat

and the adverse impacts of climate change on the oceans. Studies have indicated that 80 per cent of pollutants in the seas emanate from land and, if the current rate of pollution continues, in a few decades we will have more plastic in the oceans than fish.

The concept of a 'blue economy' is emerging as a new paradigm that aims at sustainable development of the oceans. Harnessing the oceans based on a blue economy calls for efficient utilisation of marine resources without substantial environmental impact and ensuring sustained growth of the oceans.

Like Australia, India has a unique maritime disposition. India has a natural outflow towards the seas and the country sits astride busy sea lines of communication that transit across the Indian Ocean region. The Indian Ocean is the third-largest water body in the world, spanning an area of approximately 68.5 million sq. km. Rich in natural resources, it is the world's energy hub and global economic highway; the countries on the rim of the Indian Ocean are home to nearly one-third of humanity. Sixty-six per cent of the world's oil, 50 per cent of the world's container traffic and 33 per cent of the world's cargo traffic transit over the waters of the Indian Ocean.

Peninsular India enjoys a central position in the Indian Ocean region, with our island territories of Andaman and Nicobar in the Bay of Bengal and the Lakshadweep Islands in the Arabian Sea as the virtual extended arms of India. India has a coastline of over 7,500 km, more than 1,300 islands and islets, and an exclusive economic zone (EEZ) of over 2 million sq. km. Our waters hold the immense promise of sustainable development for the seas around India, and for the region as a whole. Apart from the length of the coastline, the importance of India's coastal regions is accentuated by the fact that 20 per cent of India's population lives in coastal states, contributing to 60 per cent of India's GDP.

Approximately 95 per cent of India's trade by volume and 72 per cent by value transits through the sea. Therefore, India is heavily dependent on the maritime domain, and foreign trade accounts for nearly 50 per cent of India's GDP (2014). India's vast maritime interests, which are enablers of a blue economy, have a vital relationship with the nation's economic growth. I will now highlight some of the growing maritime sectors in India and the opportunities they present therein.

India has 12 major ports and over 200 minor and intermediate ports. With regard to port infrastructure, there is scope for growth to cater for the growing Indian economy. Cargo traffic in Indian ports is expected to increase from 1,052 million metric tonnes per annum (MMTPA) in 2014–15 to more than 2,500 MMTPA by 2025. To harness India's maritime growth potential, the Government of India has embarked on the ambitious Sagarmala Project, which aims to boost development through the promotion of ports and shipping. The port-led development plan is based on four pillars of port modernisation: connectivity, port-led industrialisation and coastal community development. Under this plan, more than 150 projects have been identified at an estimated infrastructure investment of US\$60–70 billion. Due impetus is being given to this initiative to boost green and environmentally friendly infrastructure development. The port development perspective plan envisages setting up shipping hubs on both coasts. Connectivity for coastal shipping, inland waterways, and road and rail networks is also being expanded in a systematic manner.

Currently, 94 per cent of Indian freight is transported by either road or rail with only 6 per cent using the coastal or inland waterways. As is well known, waterborne transportation is safer, cheaper and cleaner compared to other modes of transportation. Efforts are therefore being made to enhance and improve the coastal shipping routes.

India currently has 14,500 km of navigable inland waterways that contributes only 2 per cent towards traffic evacuation at major ports, as against an optimum of 10 per cent in coordination with coastal shipping. The Inland Waterways Authority of India is developing five national waterways totalling more than 4,500 km. The authority has commenced work on the 'Jal Marg Vikas' project on the river Ganga (National Waterway 1), to be developed between Allahabad and Haldia by 2020 for commercial navigation. Further, to facilitate this project, Kolkata port has already initiated plans for an investment of more than US\$170 million for construction of riverine terminals, jetties and augmentation of navigational infrastructure. The other major national waterways include National Waterway 2 on the Brahmaputra River, National Waterway 3 in the state of Kerala, National Waterway 4 on the east coast in the states of Tamil Nadu and Andhra Pradesh, and National Waterway 5 in the coastal state of Orissa. This highlights the huge investment and growth opportunity being opened up with the planned development of additional inland waterways.

The mercantile marine and shipping industry is also envisaged to grow in the near future. India currently has a merchant fleet of approximately 1,174 ships flying the Indian flag, totalling nearly 22 million gross registered tons. While over 90 per cent of India's trade by volume transits by sea, the share of Indian shipping in the country's foreign external trade has declined from about 30 per cent in the 1980s to approximately 10 per cent today. To enable India's growing foreign trade to be carried on Indian hulls, the Indian Government is providing incentives for registering ships as 'Indian Hull Ships' and initiating measures to increase the tonnage of 'Indian Controlled Shipping' by promoting our shipbuilding industry. The enhanced requirements of crude and LNG carriers are also being taken into account considering that 80 per cent of our oil and 40 per cent of LNG requirements are met by import and this is likely to grow in the future.

India has a vibrant shipbuilding industry with 27 shipyards. The government has initiated several steps to provide support to shipbuilding, as well as ship-repair and ship-recycling, with the aim of enhancing India's global share of shipbuilding by 2020. Incentives for indigenous ship production include tax waivers, induction of new technology, setting up design centres, and a special infrastructure status for the shipbuilding industry. In order to provide a further boost, the government has also permitted 100 per cent foreign direct investment in the shipbuilding sector.

Another aspect I would like to mention is the warship-building industry in India, which is firmly anchored on self-reliance and indigenisation. The Indian Navy set up its naval design directorate in 1964. India built its first indigenous naval warship, a patrol vessel named INS *Ajay*, in 1961 at Garden Reach Shipyard in Kolkata. Over the past 50 years, our naval designers have designed, and our indigenous shipyards have built, numerous ships for the Indian Navy. Today, it is a matter of great pride that all 46 ships and submarines under construction are being built in Indian shipyards. These range from aircraft carrier to frigates, and from destroyers to submarines. It is our endeavour to progressively increase indigenous content so that future warships and submarines are 100 per cent 'Made in India'.

The fishing industry is another sector that provides significant opportunities for growth. India has approximately 250,000 fishing boats, 4 million active fishermen and 14 million people involved in the

fishing industry. Annual marine fish landings in India are approximately 9.58 million tons, which accounts for approximately 5.3 per cent of the world's production. The sector contributes around US\$5,511 million to India's foreign exchange earnings and has the potential to grow much more.

However, this is only scratching the surface of the vast potential of the fishing industry in India, which is largely coastal in nature, with logistic and maintenance support being provided by local, small-scale enterprises and fishing boats operating in coastal waters. There exists a huge potential for growth in the fishing sector by undertaking deep-sea fishing; increasing the size and numbers of current fishing fleets; and enhancing the support infrastructure for stowage, processing and transporting the catch. This would also provide the opportunity to build large numbers of deep-sea fishing trawlers in our own boat and shipyards.

India's EEZ also provides offshore energy resources that are critical to our economy. This includes offshore petroleum and natural gas exploration areas off the west and east coasts of India. Nearly 50 per cent of our total domestic crude production and 80 per cent of domestic natural gas production comes from offshore areas. India has nearly 6.9 billion metric tonnes of in-place oil reserves and 3.98 billion cubic metres of in-place natural gas reserves. There exists ample scope to ramp-up our production to meet the growing domestic demand by engaging the private sector, offering exploration licences and using advanced technologies for deep-sea drilling.

Island development is another major thrust area for the government. India has over 1,300 islands and islets, including the islands of Andaman and Nicobar in the Bay of Bengal, Lakshadweep Islands in the Arabian Sea and islands off the west and east coast of the country. There is considerable potential to develop these areas for controlled ecotourism. A comprehensive island development plan that takes into account aspects of security, economic sustenance, environmental preservation, and social and cultural sustenance is being implemented by the government.

Marine tourism is another dynamic and fast-growing component of the leisure industry worldwide. India, with its vast and beautiful coastline, island territories and lagoons, is an attractive destination for cruise tourism. The cruise tourism sector is a promising focus area for the tourism industry, and there are plans for the investment of more than \$490 million (across nine projects) for promoting cruise shipping.

Another innovative marine tourism initiative by the government is 'lighthouse tourism'. There are nearly 190 lighthouses along the Indian coast and the surrounding areas offer opportunities for the development of hotels, resorts, adventure sports and allied tourism facilities. Marina-based tourism and leisure sailing is another segment that has significant scope for growth in India. India's long coastline and the Lakshadweep, Andaman and Nicobar islands present a scenic and picturesque landscape that is being harnessed for marinas and leisure sailing. These provide attractive avenues for growth, investment and job creation.

Marine-based renewable energy is another up-and-coming maritime sector. India is one of the five largest wind energy markets in the world today. The first demonstration offshore wind power project of about 100 MW capacity is underway along the Gujarat coast. With a vast coastline, India has significant potential to tap offshore wind to meet its growing energy and electricity demands.

Renewable ocean energy is another unharnessed niche sector with immense future scope. This includes ocean thermal, tidal and wave energy in particular. The application of ocean thermal energy can transform the way we provide electricity to our islands and even coastal cities. The Indian Navy has already initiated a unique project for using renewable energy by ocean thermal energy conversion in our islands. I am convinced that ocean energy is the energy source of the future, and hence an excellent investment option.

The growth of India's maritime sector necessitates significant improvement and growth in our nautical training capabilities. There are significant numbers of Indians in the international seafaring community, with approximately 7 per cent of the world's seafarers being Indian. There are nearly 150 approved marine training institutions in India and the number is growing. These act as feeder institutions for the growing demand of human capital for the global shipping industry and makes India an ideal place to groom the seafarers of the future. This calls for investment to set up world-class maritime training institutions in India. While projects worth more than US\$180 million are already in the pipeline for the establishment of maritime education, training and skill development, there is scope for further growth and expansion.

Clearly, there are many opportunities for the development of maritime interests for economic growth; however, the challenge lies in harnessing the enablers of a blue economy, in which oceans are seen as the common heritage of mankind and protection of the environment is as important as economic growth to ensure sustainable development.

The seas are no longer a benign medium and globalisation has resulted in the increased vulnerability of the oceans. The threats and challenges in the maritime domain of the Indian Ocean are as wide and varied as they come. Who could have imagined that, in the 21st century, we would once again be grappling with pirates, or that the major threat in the maritime domain would emanate from asymmetric warfare and maritime terrorism. Other challenges include arms trafficking, drug smuggling, human trafficking and poaching. The instabilities and tensions in the Indian Ocean region have the potential to flow into the maritime domain and the situation may best be described as fragile. In addition, nearly 70 per cent of natural disasters emanate in the Indian Ocean region, providing additional challenges. Given the geostrategic importance of the region, and the fact that the Indian Ocean has emerged as a global economic highway, nearly 120 warships from over 20 nations are always present in the Indian Ocean region to safeguard their maritime interests. India has vast maritime interests and the responsibility of protecting these interests falls squarely on the shoulders of men in white uniforms — the Indian Navy and the coastguard. It is their responsibility to ensure that our maritime interests, which have a vital relationship with the nation's economic growth, are allowed to be developed unhindered at all times.

The Indian Navy has emerged as a multidimensional networked force that is ready to take on challenges in the Indian Ocean region. It ensures maritime security for national prosperity under four basic roles: military, constabulary, benign and diplomatic. Under the military role, the Indian Navy is always prepared to deal with any exigency and threat to maritime security and undertakes frequent exercises to enhance its capabilities. Under the constabulary role, it ensures coastal and offshore security in our waters and the EEZ. In addition, ships of the Indian Navy have been deployed in the Gulf of Aden for anti-piracy patrols since 2008 and cooperation between the navies of the world has been effective to combat piracy and bring it under control.

The Indian Navy also carries out surveillance and patrol in the EEZ of our maritime neighbours in coordination with the maritime forces of these countries. Under the benign role, the Indian Navy undertakes maritime and disaster relief operations and provides rapid responses to contingencies. This exemplifies the unique brotherhood of the seas and the ability of navies to facilitate cooperation.

Under the diplomatic role, the Navy has expanded its operational footprint in the Indian Ocean and beyond to engage with other navies of the world including the Royal Australian Navy for interaction and exercises. The aim is to shape a favourable maritime environment and provide avenues of cooperation for mutual benefit. Such engagement with other navies includes capacity building and capability enhancement initiatives and information exchange for comprehensive maritime domain awareness.

In 2008, the Indian Navy launched a unique initiative of the Indian Ocean Naval Symposium (IONS) — a construct to manage the maritime affairs of the countries of the Indian Ocean region. Over the years, the IONS has emerged as an effective organisation with membership of 22 navies and four observers. In my view, IONS has the potential to provide an effective template to promote cooperation in the maritime domain in the Indian Ocean region.

The Indian Ocean Rim Association (IORA) is another organisation that provides avenues for strengthening maritime cooperation between countries of the Indian Ocean region. Incidentally, 20 members of IORA have navies that are members of IONS, and there has been increasing synergy between IORA and IONS for promoting maritime cooperation in recent years. Australia has been the chair for both IORA and IONS and has contributed significantly towards strengthening the maritime cooperation mechanism between member nations.

In our continuing efforts to bring the navies of the world together, the Indian Navy conducted the International Fleet Review at Visakhapatnam on the east coast of India in February 2016. Fifty navies of the world came together and we had nearly 100 ships at the review anchorage. The international fleets were reviewed by Honourable President of India Shri Pranab Mukherjee. The underlying theme of the review was that we may be separated by geography but we are 'united through oceans'.

Each continent was represented, as were navies big and small, and the grand maritime event offered an opportunity for navies to partner together for a secure maritime future.

During the International Fleet Review, Shri Narendra Modi outlined India's vision for the Indian Ocean through 'SAGAR' (meaning ocean), which stands for 'Security And Growth for All in the Region'. India later conducted the Maritime Summit at Mumbai in April 2016, where the Prime Minister articulated his maritime vision for the nation. India's recent initiatives in the maritime domain, including the quest for harnessing the blue economy, are pointers to indicate that India has once again turned towards the sea and is destined to emerge as a resurgent maritime nation.

In conclusion, the seas around us are gaining new-found importance due to their linkages with the blue economy and there is no doubt that the twenty-first century is the century of the seas. The Indian Ocean has emerged as the world's centre of gravity in the maritime domain. Another unique feature of the Indian Ocean is that 80 per cent of oil and trade that emanates in the Indian Ocean is extra-regional in nature. This implies that if there is any impediment to the free flow of oil and trade it would have a detrimental impact not just on the economies of the region, but also on global economies. Therefore, safety, security and stability on the waters of the Indian Ocean is of paramount importance, and it is the collective responsibility of the navies and the coastguards to ensure the security of the global commons. Networking among navies and global maritime partnerships are emerging as the new order in the current century.

The Indian Navy and the Royal Australian Navy have had friendly relations over decades and have pursued many avenues of cooperation ranging from port visits, exercises, maritime domain information exchanges and training of personnel. In the coming years, these avenues of cooperation are likely to grow, further strengthening the bonds of friendship between our navies.

India and Australia are maritime neighbours who have extended their hand across the Indian Ocean for maritime cooperation. I am sure that, in the coming decade, our two great maritime nations will partner together to harness the blue economy, which I would like to term as a 'partnership for prosperity' in the maritime domain. This will open up many areas of cooperation in the maritime sector and will ensure sustainable development of the oceans.

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