

# Govt Incentives Not Enough to Help Stay Afloat, Say Coastal Shipping Cos

Despite exemption from excise & countervailing duties, sector is hit by cost escalation of about 40%

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Leading players in the loss-making coastal shipping sector described the government's recent steps including cash incentive of 50 paise per tonne per nautical mile up to 500 nautical miles on certain commodities and reduction in port charges for container ships, as way too insufficient.

Even as the government exempted coastal ships from excise duty and removed countervailing duty on important ships and vessels, companies say the sector continues to reel under paucity of berths at ports and escalation in costs by about 40% due to little benefit of tonnage tax and tariffs such as custom duties and service tax. "Everyone is talking but the ground reality is different. It is only lip service and

nothing has come out," said captain VK Singh, chief executive of Shreyas Shipping and Logistics, which incurred a ₹7.71 crore loss in its coastal segment last fiscal.

Shreyas is among the bigger players, along with Shipping Corporation of India, Transport Corporation of India (TCI) and Allcargo. Coastal shipping — which commands a significant share of

**Cos blame high taxes and low preference given by ports for slow take-off in business**

trade in the US, China and Europe — accounts for just 7% of the country's total domestic cargo transport network even as India has a coastline of more than 7,500 km.

Coastal ships should cost a fraction of road transport but when last-mile connectivity costs, port charges and warehousing costs are added, the difference is not attractive enough for a shift, industry experts said.

Companies blame high taxes and low preference given by ports for a slow take-off in business. "A major problem is that there are no berths available at the ports. Waiting period is really long for coastal ships," said Chander Agarwal, joint MD,

TCI. The company's division that handles break-bulk and container cargo reported a 26% drop in profit to ₹8.59 crore last fiscal.

Government ports are mandated to give 40% discount to the coastal ships, but companies rue that waiting period runs into several days since ports are not keen to provide berths to them.

"Coastal shipping is not where it is supposed to be. It has not lived up to the potential," said captain Ashok Shrivastava, CEO-shipping services at Allcargo. The unit made of loss of ₹7.63 crore last year.

Shrivastava, however, also said there were more enquiries recently from companies keen to explore the option of coastal shipping. Allcargo handles bulk commodities such as steel, cement, iron-ore, fertilisers and coal.

Coastal shipping is not profitable and works for specific routes and commodities, said Ramesh Singhal, chief executive of I-maritime Consultancy. "Coastal shipping is viable for large bulk volumes, longer routes and by using bigger ports. Routes have to be identified; consumption and industrial centres have to be identified."

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