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**BENEFITS OF COASTAL SHIPPING:
SCOPE FOR *SEA CHANGE* IN DOMESTIC
FREIGHT TRANSPORTATION IN INDIA**

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Benefits of Coastal Shipping: Scope for *Sea Change* in Domestic Freight Transportation in India

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Abstract

The share of coastal shipping in the modal mix of domestic freight transportation in India is currently very low despite it being more cost-effective, fuel-efficient and environment-friendly compared to other modes of transportation. This paper estimates the benefits of coastal shipping, which are simply the costs avoided by transporting goods via sea as opposed to transporting them by road or rail. The economic, environmental and social benefits of coastal shipping are valued in the range of Rs. 16 – 64 billion per annum in 2012-13 prices. In physical terms, greenhouse gas emissions reductions amount to between 1 – 22 lakh tonnes of carbon per annum. The lower- and upper-bound values in the range represent cost savings (or emissions reductions) with respect to rail and road transport respectively. The results indicate that the country would stand to gain from a modal shift in freight transportation from road and rail transport to coastal shipping.

Keywords: *Coastal shipping; Freight transport; Cost savings; Transport policy*

JEL Codes: *L91; Q57; R40*