Blue Economy: Beyond an Economic Proposition

SONALI MITTRA

ABSTRACT 'Blue economy' is the integration of ocean economy development with values of social inclusion and environmental sustainability, along with dynamic and innovative business models. For India, however, blue economy extends beyond being merely an economic and environmental proposition. It presents India with an unprecedented opportunity to meet its national objectives, strengthen connectivity with neighbours, and exert influence in the surrounding regions. This paper argues that India should take advantage of the economic development of the Indian Ocean and examines how India can assume a leadership role in the region.

INTRODUCTION

As the economies in the Indian Ocean Region (IOR) continue to demonstrate growth and development, the region has become one of the most promising economic and political areas of the world. At the same time, rising security issues related to the critical sea trade routes, the militarisation of the ocean space, and the hunt for hydrocarbon and mineral resources are all contributing to the transformation of the IOR. Once declared as a 'zone of peace' by the United Nations Charter of 1971, the IOR is currently experiencing new security challenges. Under the current circumstances, the so-called 'Blue economy' presents a unique and unprecedented opportunity for India to reframe its approach in managing the ocean. While the economic prospects of blue economy are recognised, its potential as a political instrument is less appreciated. India must develop a comprehensive strategy to seize the potential of blue economy—by contextualising its idea and articulating why it matters to the country.

'Blue economy' refers to the greening of ocean development strategies towards higher productivity and the conservation of the ocean's health. In the development of oceans,
Blue economy adopts the principles of green economy, including low carbon emissions, resource efficiency, and social inclusion. It also features in Goal 14 of the Sustainable Development Goals (SDGs): “to conserve and sustainably use the oceans, seas, and marine resources for sustainable development.” In recent years, international support and cooperation for the development of blue economy has gained further strategic importance.

The idea of blue economy has distinct relevance to India. For a country struggling to meet its development objectives, blue economy offers another path in the pursuit of growth and development, and ecological sustainability. Although India’s policies and plans of the past have recognised the scope of ocean development, an overarching strategic vision—which incorporates the new elements such as maritime security, environmental sustainability, and new and innovative forms of cooperation—is absent. To begin with, India must consider three critical and basic intentions: national developmental objectives, connectivity infrastructure, and regional influence.

**NATIONAL DEVELOPMENT OBJECTIVES**

A blue economy strategy should align with the country's national development objectives. After all, India has the seventh longest coastline in Asia at 7,516.6 km, covering nine states and two union territories. These states are not only highly vulnerable to natural disasters, lacking in resilience and adaptive capacity, but are also faced with development deficits, to begin with. The coastal population of India—which stands at 560 million—is bigger than the entire population of South America. Yet, the debate around rising sea levels, pervasive fishing practices and desalination has been set by the smaller island states. This needs to change, and India must begin to take a more proactive role in global discussions on ocean resources.

These nine states and two union territories along India’s coast show distinct developmental

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trends (See Table 1). While Odisha, for example, has the highest poverty rate,7 Kerala has the largest number of unemployed people among the coastal states.8 As compared to other coastal states, Maharashtra has the largest contribution to India’s GDP at 14.4 percent,9 while Gujarat recorded the highest growth rate in 2014 in the service sector at 12.7 percent.10

These coastal zones are mostly engaged in activities like fishing, agriculture, tourism, residential and commercial development, and oil exploration.11 Industry and service sector development in these regions have been slow, especially the mining and ocean renewable energy sectors.

Blue economic development, focused on livelihood generation, achieving energy security, building ecological resilience, and improving health and living standards of coastal communities, would reinforce and strengthen the efforts of the Indian government as it strives to achieve the SDGs by 2030.

Lessons from Other Countries’ Blue Economy

India would do well to look to other countries for examples of best practices in blue economy. The strategies of Australia, China, and Mauritius, for example, view the potential of sustainable ocean economy in meeting their countries’ development objectives. In Australia, offshore oil and gas and aquaculture industry have dominated the blue economy; in Mauritius, meanwhile, coastal tourism and seaport-related activities contribute the largest share; and for China, fisheries, tourism, and transport lead its marine economy.12

The contribution of the marine services sector in economic growth and employment generation is indisputable in all these three ocean countries. The size of the blue economy is estimated to be $47 billion (2011-12) in Australia13 and $90 million for Mauritius.14 In China, the ocean economy contributed 4.03 percent to GDP in 2010 and employed 9.25 million people.15 Future plans and policies of these countries have laid additional emphasis on innovation, marine research and development, and marine information and communication technologies (ICT).

For India, the marine services sector could be the backbone of its blue economy. In line with the ‘Digital India’ and ‘Make in India’ initiatives of the Modi government, India must focus on marine ICTs, and transport (shipping) and communication services, and the creation of a knowledge hub for marine research and development, alongside the more traditional sectors like fisheries and coastal tourism. At the Indian Ocean Rim Association (IORA) Blue Economy Ministerial Conference in 2015, India emphasised on Marine ICTs as a key emerging sector of its blue economy.

THE ROLE OF CONNECTIVITY

If India is to further its blue economy strategy, it must pay particular attention to strengthening connectivity. For one, sea routes in the Indian Ocean carry up to 90 percent of India’s trade.16 This is only one of the reasons why sea-route and inland water connectivity assumes importance for India in its push to nurture its blue economy. Other significant benefits include employment generation, and a boost to the country’s industrial development through the provision of a more fuel-efficient, cheaper and reliable mode of transportation.

At present, India has 13 major ports for coastal and international trading. The number of vessels and cargo traffic of India has been increasing consistently in the past decade, reaching some 1,052.21 million tonnes in 2014-15 (See Figure 1).17 According to the Indian Maritime Agenda 2010-2020, it is expected that port capacity will increase to 3,130 million tonnes by 2020.18

While sea-route connectivity is of critical importance, the linkage between inland water
navigation (IWT) and sea routes has received insufficient attention. India has five national waterways and one more under construction. Investment in the order of $3.4 billion is needed to meet the infrastructural deficit, including terminals, ports, roads and rail connectivity. Further evaluation is required to gauge the complementarity between sea and inland water connectivity, which can strengthen marine industrial and commercial development. The creation of the Coastal Economic Zones (CEZs) and the ‘Sagarmala Project’ are welcome moves in this direction. However, further efforts will be required to avoid fragmentation and overlapping of policies, while also creating a sustainable framework for the development of connectivity infrastructure. Principles of blue economy, therefore, will be important in creating complementarity between discrete plans and policies, which have a common broad objective of sustainable ocean development.

**REGIONAL AND GLOBAL INFLUENCE**

The third consideration is the geopolitical dynamics in the Indian Ocean Region—from which the development of blue economy cannot be detached. The IOR is critical for trade and energy supplies as important Sea Lines of Communications (SLOCs) pass through this region. It also holds 40 percent of the global reserve of oil and gas, and has a large unexploited potential of sea-bed mineral resources. The region is facing serious threats and challenges to security, including increasing forays of China, the presence of extra-regional powers (US, Russia, Australia and Japan), and the rise of international piracy.

Taking cognizance of this, India redefined its maritime strategy in 2015 *(Ensuring Secure Seas: Indian Maritime Security Strategy)* to expand the geographical extent of its strategic interests by including the Indo-Pacific region, the Red Sea, and South-east Indian Ocean; and to develop its role as a ‘net security provider’ in the IOR. India’s aspiration to be a credible leader in the Indo-Pacific security architecture complements its vision for blue economy development.

While sovereignty and security have been the traditional focal points in the Indian Ocean debates, blue economy provides a deeper impact on the economic growth and peace and stability of the regional economies. India’s soft-power diplomacy reflected this during Prime Minister Narendra Modi’s consecutive visits to Seychelles, Sri Lanka, and Mauritius in 2015 to
strengthen economic ties by way of developing a sustainable ocean economy. The Mauritius Declaration 2015, passed during the first ever blue economy conference of the Indian Ocean Rim Association, marks progress towards regional collaboration on sea-based economic activities. The declaration calls for exploring new and innovative opportunities for investment in aquaculture, shipping, and ocean-based industries.  

**CONCLUSION**

Regional focus has turned towards the Indian Ocean as the new frontier for sustainable economic development, alongside concerns of security issues. India should build on the momentum it has created thus far and take on a larger responsibility in developing and securing the Indian Ocean by developing ideas, norms and road maps for an inclusive and collaborative ocean governance society. Developing a normative framework for doing business and harnessing the ocean’s potential in a sustainable manner is another area where India could demonstrate leadership. This framework must ensure a just and equitable environment for seizing the business opportunities in the IOR.

India should start by creating robust mechanisms for knowledge creation. For instance, diverse platforms for interaction between sectoral experts, professionals, scientists, and the business community could be envisaged. The existing and new multilateral trading agreements should also be modified and defined in a way that enables the creation of sustainable infrastructure to meet the demands of future economic activities.

**ABOUT THE AUTHOR**

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**ENDNOTES:**

6. Ibid.
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