

"The Indian Ocean Region: Balancing Geopolitical Challenges with Blue Economy Opportunities"

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Abstract:

Rich in marine resources and strategically important to international trade, the Indian Ocean Region (IOR) offers enormous potential for the establishment of a sustainable blue economy. Complex geopolitical issues, such as territory conflicts, military presence, and economic competition among superpowers, limit its potential. The economic and security dynamics of the region are significantly shaped by nations like South Africa, Indonesia, Sri Lanka, and India. India, a major player in the IOR, has been essential to advancing regional stability and the expansion of the Blue Economy. India has developed closer relations with its neighbours through programs like SAGAR (Security and Growth for All in the Region) and active participation in IORA and BIMSTEC.

This paper investigates how countries in the IOR might deal with these issues while working toward sustainable development objectives. It draws attention to the rise and importance of trade blocs in fostering regional cooperation and stabilizing trade, including the Indian Ocean Rim Association (IORA), the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), and the Quadrilateral Security Dialogue (QUAD). Through coordination in commerce, energy, and marine security, these organizations—as well as alliances like AUKUS—have played a crucial role in reducing geopolitical risks and strengthening regional cooperation.

The sustainable use of ocean resources for jobs, economic growth, and ecological health is known as the "blue economy." However, the full fulfilment of these prospects is hampered by geopolitical threats like piracy around the Horn of Africa, conflict in the Middle East, China's increasing influence in the region, and territorial issues in the Bay of Bengal. Regional dynamics are further complicated by the presence of strategically important choke points in the Indian Ocean Region, such as the Bab-el-Mandeb, the Strait of Malacca, and the Strait of Hormuz.

In conclusion, even if the IOR still faces many geopolitical obstacles, the growing collaboration made possible by regional trade blocs is fostering an atmosphere that is more favourable for the expansion of the Blue Economy and sustainable development.

Key Words: Geopolitics, Indian Ocean Region, Maritime Power, Blue Economy

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1. Introduction

After the Pacific and the Atlantic, the Indian Ocean is the third largest ocean in the world. It spans 7,800 kilometres from South Africa to Western Australia and 9,600 kilometres from the Bay of Bengal to the Antarctic. With a total size of 21.45 million square nautical miles, it makes up 20% of the ocean surface on Earth. Its coastline spans 70,000 kilometres in total. About 36 nations, or 35% of the world's population, and 40% of its coastline are located in the Indian Ocean. The Indian Ocean Region (IOR) is the epicentre of global trade; around 100,000 ships pass through the region each year, carrying 30% of the world's containerized goods, and 42% of the world's crude oil, product, and distillate are carried from and into the region. Global proved gas and oil reserves each account for more than 50% of the IOR. About 20 percent of the world's refining facilities are located in the ocean, with the majority of them being located in Singapore, Jamnagar, and the Gulf region, forty percent of worldwide offshore production is accounted for by offshore oil and gas production and exploration activities occurring in the ocean, off the shores of western Australia, Saudi Arabia, Iran, India, and other GCC nations.

Given that the Indian Ocean region is home to several of the world's most powerful economies, both new and old, it plays a significant role in global trade and commerce. The Indo-Pacific area is the backbone of the world's maritime trade, with significant Sea Lanes of Communication (SLOC) running along its borders. The Blue Economy has a remarkable prospect for growth, provided that it is strategized and executed cognizant of the correlated challenges. (Singh, 2023)

The Indian Ocean Region is primarily reliant on tourism, and developing countries are placing a strong emphasis on taking use of the untapped potential of the industry. Despite the maritime tourism industry's enormous potential and its ability to stabilize the region, it is often disregarded because the region's distinguishing feature is water, and maritime security, equipment, trade, and transportation are given priority. Due to the growing influence of multiple western powers competing for hegemony, the geopolitical landscape of the Indian Ocean region has drastically changed in recent years. The inclusive growth and development of all the countries situated in the region is contingent upon an open and unobstructed Indian Ocean.

Blue resources are extremely important to the Indo-Pacific region, which is made up of Australia, New Zealand, South and East Asia, East Asia, South Asia, and Small Island Developing Countries. Economies from developed, developing, and least developed nations (LDCs) make up the region. Nine of the least developed Asian nations—roughly thirteen—have island or coastal economies.

The Indian Ocean Rim Association's (IORA) growing emphasis on bolstering the Blue Economy in its agenda is the clearest indication of the Blue Economy's importance in maintaining sustainable political, economic, and security development in the Indian Ocean Region. The discrepancy in member states' capacities is a difficult problem that needs to be resolved with practical measures to protect maritime resources.

This paper which is explanatory in nature and based upon the secondary data, studies the current Geopolitical Challenges and Blue-economy Opportunities in the Indian Ocean Region.

2. Geopolitical Dimensions in the Indian Ocean Region

Being the busiest commerce route in the world, the Indian Ocean is a crucial hub. Approximately 80% of the global maritime oil commerce occurs through IOR. Because so much trade passes through major choke points like the Straits of Hormuz, Malacca, and Bab-el Mandeb, the IOR is strategically significant. Since the Indian Ocean serves as a hub for the transportation of oil from the Middle East, outside powers are attempting to increase their influence. Because of the piracy concerns in the Red Sea and Horn of Africa, India places a high priority on security in the IOR. Chinese people are present in the backyard and are keen to establish a significant presence in the IOR (Gosh, 2020). India is counterbalancing the China on the Seas with the help of island nations around IOR. India participates in numerous bilateral and multilateral military exercises within the Indian Ocean Region. The Indian Ocean's importance as a hub for international trade and geopolitical rivalry is not the only factor contributing to India's active involvement in the region. Furthermore, more than 95% of India's trade in terms of volume and 68% of its trade in terms of value are routed across the Indian Ocean. Any impediment to company traffic would seriously undermine her economical & financial objectives. By making large investments in naval technology and infrastructure development, India is stepping up its efforts to strengthen its maritime capabilities. In order to benefit both the regional and extra regional states, it is also actively fostering partnerships of trust and collaboration with small island nations in the Indian Ocean region. The Indian Ocean region is increasingly significant in the current situation since it facilitates significant trade, particularly in the energy sector, and is also a vital resource for minerals and fishing. The wide and highly populated littoral regions of the IOR are the fastest-growing regions in the world. However, both state and non-state entities are constantly threatening IOR. (Jaishankar, 2016). India has begun to prioritize IOR because to its strategic location at the intersection of the Indian and Pacific oceans. "Seek a climate of trust and transparency; respect for international maritime rules and norms by all countries; sensitivity to each other's interests; peaceful resolution of maritime issues; and increase in maritime cooperation" is the stated goal of SAGAR (Security and Growth for All in the Region).



Figure No.1: Critical Choke Points in Indian Ocean Region

Source: Stimson, as mentioned by David Michel and Russell Sticklor (2012)

The Indian Ocean Region is strategically important to India since over 80% of crude oil is traded by sea. Given that the Gulf of Aden handles more than 60% of China's oil exports and 85% of its imports, it is crucial to remember that the Indian Ocean region is similarly significant to China. China is worried about the potential interruption and blockade of the Sea Lines of Communication (SLOC), which could harm its interests in energy security and the economy. The rise in Chinese investments in the construction of ports in India's immediate vicinity has given India a sense of unease. The Indian Ocean will continue to be one of the world's most strategic regions powering the world economy. Consequently, India's key objective will be to ensure stability and peace in the Indian Ocean, with a focus on economic and military adjustments to counter the growing threat posed by China.

The Indian Ocean Region (IOR) plays a crucial role in China's Maritime Silk Road initiative. (Faridi, 2021). There is an increased influence of China in the IOR through massive investments in the ports. China till now it has invested in mainly 21 ports which are of strategic importance (Reddy, 2022). Several countries where China is building ports are already heavily indebted to it. Nations such as Kenya, Pakistan, Myanmar, Sri Lanka, and Djibouti have substantial Chinese debt, with China accounting for more than 27% of Pakistan's total external debt. It gives strategic leverage to the Chinese companies by enabling them to lease the ports. (Faridi, 2021).

There are some important actors and few significant factors in the Indian Ocean Region. The Main actors are USA, India, China, Australia, and Iran, Regional & Trade Blocks such as ASEAN, QUAD, BIMSTEC, IORA, AUKUS & RCEP. The important factors are Sea Lines of Communications, Piracy & Sea Crimes, Terrorism, Illegal Fishing & Climate Change.

The Actors and their interests are mentioned in the Table No. 1

Table No. 1: Actors and their Actions and Engagements in the Indian Ocean Region (IOR)

| Sr. Nos. | Actors in IOR | Their Key Interest | Actions and Engagements |
|----------|---------------|---|---|
| 1 | USA | Security Issues, Economic Interest, Non-traditional security challenges and Environmental disasters | The US has a joint naval base at Diego Garcia, which is vital to its operations in the Middle East, Alliances, Pivot Asia strategy, Oil Diplomacy & SLOC |
| 2 | China | To ensure its commerce routes, secure maritime routes for energy supplies, and exert more maritime control over sea lines of communication (SLOCs). (Odhiambo Paul ,2020) | Building a military station in Djibouti, expanding the Chinese naval presence, building ports, and taking part in anti-piracy activities in the Gulf of Aden. The Maritime Silk Road of the twenty-first century and the One Belt One Road program, a larger Chinese naval presence, involvement in anti-piracy efforts in the Gulf of Aden, and The String of Pearls Strategy. |
| 3 | India | Economic Interest, SLOC, Security, Non-traditional security challenges and Environmental disasters and Harmony & Stability in the Region | Alliances, Building Military bases, construction of Ports, Leading the anti-piracy activities, forging alliances and SAGAR initiative. Participate in professional exchanges and marine cooperation exercises that are centred on maritime security and interoperability. Net security Provider to the countries in the Neighbourhood Region and Neckless of Diamonds |
| 4 | Australia | Blue Economy, Maritime security, Economic Growth, Regional Stability, advocating for a strong regional identity and collaboration & Energy partnership and vision for an open, stable and prosperous region | Building Alliances, engagement with the Indian Ocean Rim Association (IORA) |
| 5 | Iran | To Enhance regional collective security and promote multilateral cooperation | Iran, Russia, and Oman have launched joint naval exercises in the Indian Ocean, |

Source: Compilation by Authors

The Table No. 1 highlight the few important common interest in Indian Ocean Region as, Maritime Security, Concerns about the SLOCs, Non-traditional security challenges and Environmental disasters and stability & harmony in the region. In order to achieve these interest, the all five important actors have active engagements in the IOR.

Table No. 2: Factors and their Significance in the Indian Ocean Region (IOR)

| Sr. Nos. | Factors in IOR | Significance |
|----------|------------------------------------|---|
| 1 | Sea Lines of Communications - SLOC | Concerns about strategic choke points like the Strait of Hormuz, the Strait of Malacca, and the Bab-el-Mandeb which further complicate regional dynamics |
| 2 | Piracy | Piracy and illegal trafficking are made easier by an increase in marine occurrences in the Indian Ocean and Red Sea. Additionally, shipping surrounding Africa becomes more of a target for Somali piracy. |
| 3 | Terrorism | Elements of the Houthis (Attacks in Red Sea), Al Qaeda, and Al Shabab move between Africa and the Arabian Peninsula, running profitable enterprises and even carrying out lethal operations at sea. Geographical location, the state's maritime heritage, unstable governance, etc. are some of the factors that influence organizations to choose sea-based attacks, which can have catastrophic consequences that range from upsetting maritime supply chains to affecting the livelihoods of seafarers, which would then have an impact on the world economy. (R. J., Aishwarya, 2021) |
| 4 | Illegal Fishing | Despite the fact that IUU (illegal, unregulated, and unreported) fishing is the biggest threat to marine security, the current situation is dire. Non-traditional dangers pose a serious challenge to the current maritime security framework. Furthermore, the region's security apparatus is negatively impacted by the increasing use of coercive techniques and unprincipled operations in Indian Ocean waters. (Kanodia, 2022). |
| 5 | Climate Change | Compared with other oceans, the Indian Ocean is warming more quickly. Sea level rise and an increase in the frequency and severity of extreme weather events are being caused by global warming, which is resulting in destructive floods and the loss of land areas in low-lying portions of countries. (Gargeyas, 2021) |

Source: Compilation by Authors

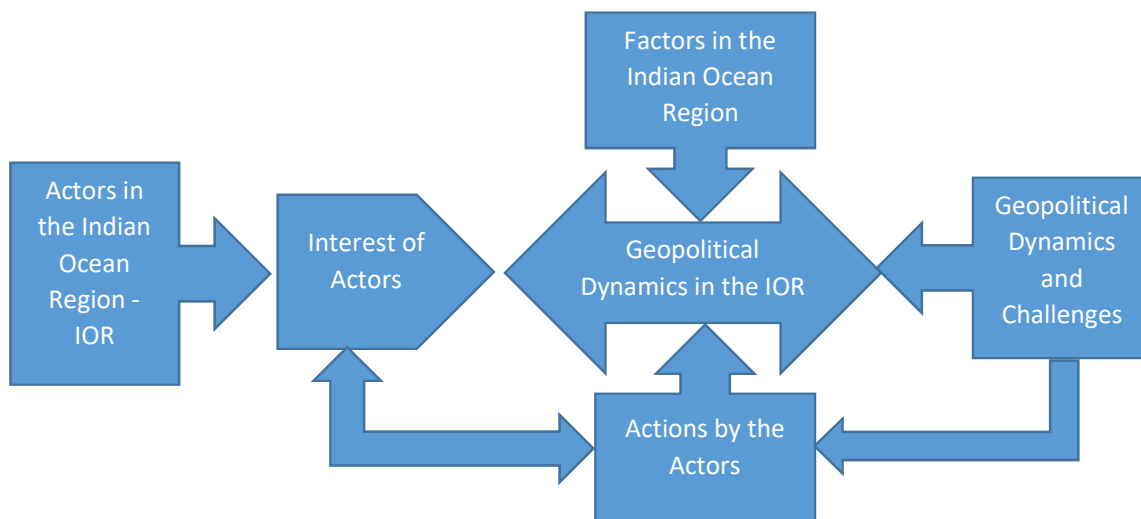


Figure No. 2: Actor-Factor Model – Indicating the Geopolitical Dynamics & Challenges in Indian Ocean Region

Source: Authors Compilation

In order to address the Geopolitical Dynamics and Challenges the Different Actor Nations adopt different strategies such as Alliances, Regional Blocks and Building Infrastructure in terms of Ports and Economic corridors to mitigate the risks and threats.

The following table no. 3 highlights such initiatives of Alliances and Regional Blocks.

Table No. 3: Alliances & Engagements in the Indian Ocean Region

| Sr. No. | Regional Blocks | Interest in IOR | Recent Engagement in the Indian Ocean Region |
|---------|-----------------|--|--|
| 1 | QUAD | Enhancing security cooperation, promoting a free and open Indo-Pacific, countering China's influence | 2023 Quad Leaders' Summit focused on security, technology, and climate change; Joint naval exercises (e.g., Malabar 2023). QUAD had launched the IPMDA Initiative on May 20, 2023 in Hiroshima, Japan and the extension of this initiative to the Indian Ocean Region (IOR) was declared in July 2024, during the QUAD's Foreign Minister's meeting. In order to help their partners in the Indo-Pacific region make the most of the resources offered by the Indo-Pacific Partnership for Maritime Domain Awareness (IPMDA) and other Quad partner initiatives, the Quad announced a new regional Maritime Initiative for Training in the Indo-Pacific (MAITRI) in September 2024. This initiative will help partners monitor and secure their waters, enforce their laws, and discourage illegal behaviour. In 2025, the Quad nations anticipate that India will host the first MAITRI workshop. |

| | | | |
|---|---------|---|---|
| 2 | AUKUS | Strengthening defence ties, focusing on security in the Indo-Pacific region | Plans for nuclear-powered submarines for Australia; Strengthening joint military exercises and technology sharing. |
| 3 | RCEP | Boosting trade and economic integration among member countries | RCEP came into force on January 1 st , 2022, promoting tariff reductions; Ongoing discussions on economic recovery. |
| 4 | ASEAN | Promoting regional stability, economic growth, and maritime security | ASEAN Summit 2023 focused on regional stability and economic cooperation; Ongoing dialogues in ASEAN Defence Ministers' Meeting-Plus. |
| 5 | IORA | Enhancing regional cooperation and sustainable development | IORA 2023 Ministerial Meeting discussed maritime safety and economic cooperation; Established working groups on fisheries and trade facilitation. |
| 6 | BIMSTEC | Promoting regional connectivity and economic cooperation | BIMSTEC Summit 2022 focused on connectivity, counter-terrorism, and climate change; Ongoing collaborative projects. |

Source: Compilation by Authors

The Geopolitical dimensions in the Indian Ocean is also impacted by the presence of Known Nuclear Powers such as India, China and Pakistan. The Things are getting more complicated by the current developments in the Middle-East which is affecting the movements in the red sea, Suez Canal and strait of Hormuz. It is also important to note some of the countries in the region face political turmoil like Sri-Lanka & Myanmar (2021), Pakistan (2022) and Bangladesh which has affected the stability. The American presence in Diego Garcia provides the necessary support for the US operations in Middle-East, Iraq and Afghanistan. The Chinese presence has significantly increased in the region since last two decades. India is important member of the IOR. It is currently considered as net security provider against the piracy and other crimes at the sea.

Table No. 4: India's Economic Interaction with Trade Blocks

| Department of Commerce | | | | | |
|--|---------|-------------------|------------------------|-------------------|------------------------|
| Export Import Data Bank (Values in US\$ Million) | | | | | |
| | | India's Total | | India's Total | |
| | | Export | | Import | |
| # | Group | 2023-2024 | 2024-2025 (Apr-Aug) | 2023-2024 | 2024-2025 (Apr-Aug) |
| 1 | BIMSTEC | 4,37,072.03 | 1,78,506.32 | 6,78,214.76 | 2,95,298.64 |
| | | (% Share 6.6115) | (% Share 6.4879) | (% Share 2.2742) | (% Share 2.5112) |
| 2 | QUAD | 4,37,072.03 | 1,78,506.32 | 6,78,214.76 | 2,95,298.64 |
| | | (% Share 20.7316) | (% Share 22.3449) | (% Share 11.2133) | (% Share 10.9836) |
| 3 | IORA | 4,37,072.03 | 1,78,506.32 | 56,16,04,236.62 | 24,67,49,363.33 |
| | | (% Share 28.9287) | (% Share 28.8156) | (% Share 24.311) | (% Share 25.8807) |

Source: Compilation by Authors (Ministry of Commerce and Industry, 2024)

With 2.7 billion inhabitants, the Indian Ocean region's size and diversity account for its geo-economics significance. Significantly divergent power dynamics result from the inclusion of nations as politically and socially diverse as Australia, Indonesia, Iran, and South Africa in its regional forum, the Indian Ocean Rim Association. The stability of the Indian Ocean is essential to the global economy, from the energy-dense Middle East and resource-rich Africa to the labour markets and manufacturing sectors of South Asia. Few issues are related to the Indian Ocean region, except than resourcefulness. Five of its nations—Pakistan, Somalia, Myanmar, India, and Mozambique—are among the top 15 nations in the world in terms of terrorism, according to the Global Terrorism Index 2024. (Institute for Economics and Peace, 2024)

With a 7,500-kilometer coastline that spans nine states and three union territories, India has enormous potential for growth in the Indian Ocean region and could be a focus point for the blue economy. With comparisons to Vasco da Gama's time, when ocean-based trade and commerce thrived, it highlights the necessity for India to regain its ancient maritime might. (Mishra, 2023). India's economic growth, which aims to reach \$5 trillion and beyond, would be greatly aided by the development of the blue economy. In the end, the blue economy will help the Indian economy and ensure a sustainable future by offering enormous prospects for employment development and the utilization of different ocean resources.

3. India and the Blue Economic Opportunities in the Indian Ocean Region

An estimated \$3 trillion to \$6 trillion is the commercial worth of maritime activities. Since undersea cables are used for over 95% of communication, the ocean is essential to global telecommunications. Almost 30% of oil and gas production takes place in the water, and marine transportation makes up a sizable amount of international trade. The fishing business employs about 60 million people worldwide, but maritime tourism generates 6% to 7% of employment opportunities and contributes roughly 5% to the global GDP.

India's exclusive economic zones (EEZs) cover more than 2.2 million square kilometers, and the country boasts a wide 7500 km coastline. This indicates that India's blue economy has a lot of room to grow. Fishing, aquaculture, ports, and shipping are all part of the blue economy, and the Indian government has launched programs to support these industries. India's sizeable exclusive coastline and exclusive economic zone mean India has a vast area to fish in; it also has a healthy local demand for fish which keeps its domestic market competitive. (Juneja Yash, 2023).

With 250,000 fishing boats, India is the second-largest fish-producing country in the world, supporting 4 million fishermen and coastal communities. Illegal fishing, unregulated aquaculture, and overfishing are putting strain on India's maritime resources. Depletion of fish populations, loss of livelihoods and revenue for fishermen, and decreased food security for millions of people are all consequences of overfishing. Additionally, illegal fishing can jeopardize India's maritime domain's security and sovereignty. Because they are essential to imports and exports, the port and shipping industries are critical to the expansion of any contemporary economy. India has been working to expand these industries in recent years, and privatization was the first step. The requirement for more infrastructure to view privatization as a net positive move is the largest issue facing the port and shipping sectors. The sector in India's blue economy with the most room for expansion is shipping. The Sagarmala Program is one of the initiatives of the Indian government to harness the potential of the Indian Ocean.

An innovative strategy to revolutionize the nation's maritime industry is the Ministry of Ports, Shipping, and Waterways' flagship Sagarmala Programme. Sagarmala seeks to unleash the unrealized potential of India's vast coastline, navigable waterways, and vital maritime trade routes for port-led development and the betterment of coastal communities. Sagarmala aims to lower logistics costs for both domestic and foreign trade in order to improve the performance of the logistics industry. The program seeks to reduce the need for significant infrastructure investments by utilizing waterway and coastal transportation, which will increase logistical efficiency and raise the competitiveness of Indian exports. Sagarmala finds important chances to enhance port productivity, optimize logistics, and foster the growth of coastal communities through thorough research and strategic planning. Sagarmala does this in order to boost the maritime sector as well as India's overall economic expansion and competitiveness internationally.

Through better logistics and practices, the Sagarmala Program aims to upgrade and improve infrastructure for more effective and efficient products movement. With an emphasis on fostering synergy among its five pillars, it is based on integrated planning, connectivity improvement, and sustainable development.

The entire collection of projects is separated into 24 categories and 5 pillars as follows:

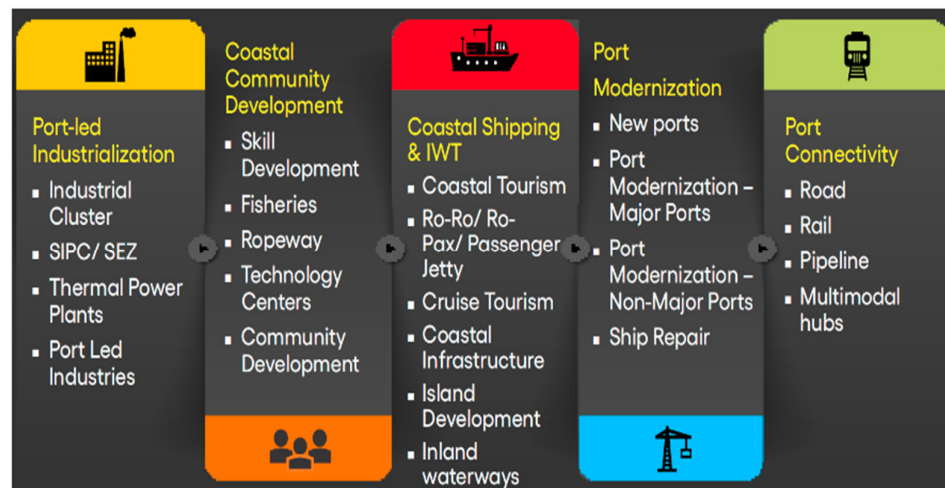


Figure No.3: Sagarmala Programme 5 pillars and 24 categories
Source: Ministry of Ports, Shipping and Waterways, Govt. of India

As part of the National Perspective Plan under the Sagarmala Program, 14 Coastal Economic Zones (CEZs) encompassing all Maritime States and Union Territories have been selected to support port-led industrialization. In conjunction with the appropriate State Governments and Central Ministries, the Perspective Plans for each of the 14 CEZs have been created.

Table No. 5: 14 Coastal Economic Zones being developed under Sagarmala

| Sr.No. | Proposed location for CEZ | State | Districts Covered | Potential Industries |
|--------|---------------------------|------------------|--|--|
| 1 | Kachch | Gujarat | Kachchh | Petrochemicals, Cement, Furniture |
| 2 | Saurashtra | Gujarat | Junagarh, Amreli, Bhavnagar, Ahmedabad | Apparel, Automotive |
| 3 | Suryapur | Gujarat | Bharuch, Surat, Navsari, Valsad | Marine Clusters |
| 4 | North Konkan | Maharashtra | Nashik, Thane, Mumbai, Pune, Raigarh | Power, Electronics, Apparel |
| 5 | South Konkan | Maharashtra, Goa | Ratnagiri, Sindhudurg, North Goa, South Goa | Refining, Steel, Food Processing |
| 6 | DakshinKanara | Karnataka | Udupi, Dakshin Kannada, Kodagu, Mysore | Petrochemicals |
| 7 | Malabar | Kerala | Ernakulam, Alappuzha, Kollam, Thiruvananthapuram | Furniture |
| 8 | Mannar | Tamil Nadu | Kanyakumari, Tirunelveli, Thoothukudi | Apparel, Refining |
| 9 | Poompuhar | Tamil Nadu | Cuddalore, Perambalur, Ariyalur, Tiruchirappallu, Thanjavur, Thiruvavur, Nagapattinam | Leather Processing, Power |
| 10 | VCIC South | Tamil Nadu | Thiruvallur, Chennai, Kancheepuram | Steel, Petrochemicals, Electronics, Shipbuilding |
| 11 | VCIC Central | Andhra Pradesh | Chittoor, Nellore | Electronics |
| 12 | VCIC North | Andhra Pradesh | Guntur, Krishna, West Godavari, East Godavari, Visakhapatnam, Vizianagaram, Srikakulam | Food Processing, Petrochemicals, Cement, Apparel |
| 13 | Kalinga | Odisha | Puri, Jagatsinghpur, Cuttack, Kendrapara, Jajapur, Bhadrak | Petrochemicals, Marine Processing |
| 14 | Gaud | West Bengal | PurbaMedinipur, South twenty Parganas | Leather Processing |

Source: Ministry of Ports, Shipping and Waterways, Govt. of India

It is anticipated that port-led industrialization, as facilitated by the intended expansion of the CEZ under the Sagarmala Program, will give the Government of India's "Make in India" campaign a boost and help create jobs in India. On the basis of the Inter-Ministerial Committee's recommendations, the institutional framework and development strategy for CEZ have been finalized. "The Make in India Made for the World" initiative would result into more exports, more participation in the global trade and more presence in the world & blue economy.

By utilizing India's 7,500 km of coastline, 14,500 km of potentially navigable waterways, and advantageous placement on important international maritime trade routes, the Sagarmala program has encouraged port-led development. By 2047, India's entire port capacity is expected to rise from 2,600 MTPA (million tonnes per annum) to over 10,000 MTPA, according to the Ministry for Ports, Shipping, and Waterways. 86.5 MMT of freight travelled over waterways between April and November 2023, up 7.5% from 80.4 MMT during the same period in 2022. By 2030, the government also wants 23 waterways to be functioning.

India's ranking on the World Bank's Logistics Performance Index (LPI) rose by six spots to 38th in 2023 from 44th in 2018 out of 139 nations, reflecting the decrease in logistics costs. In the eastern port of Visakhapatnam, stay time decreased from 32.4 days in 2015 to 5.3 days in 2019 when cargo tracking was implemented. Additionally, as a result of its modernization and digitization initiatives, India's share of global shipments increased from 44 in 2018 to 22 in 2023. India rose four spots to 48th place in logistics equality and competency and five spots in infrastructure score.

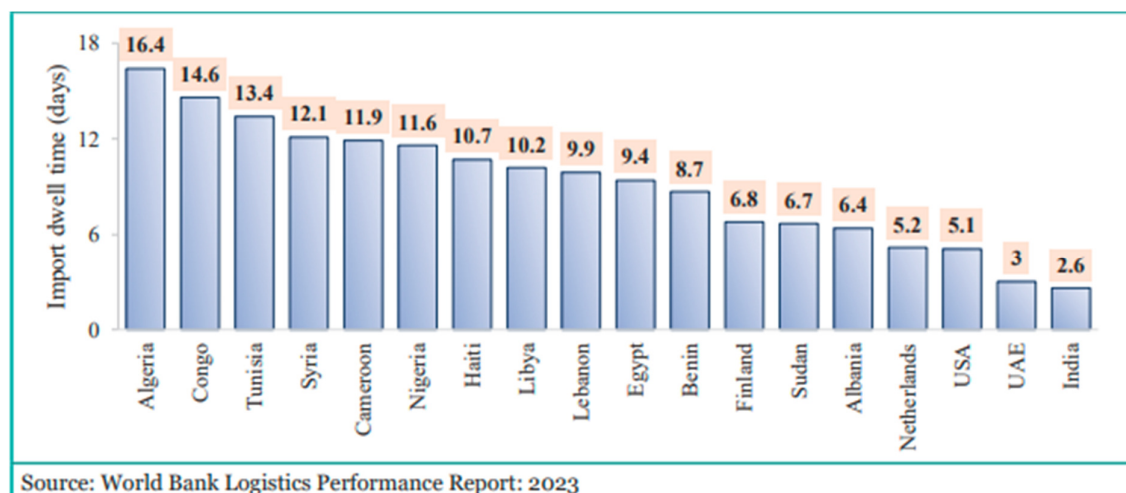


Figure No. 4: Decline in dwell time for India

Source: Ministry of Finance, Govt. of India, Economic Survey of India 2023-24, p.no. 132

With the share of GVC-related trade in gross trade increasing from 35.1% in 2019 to 40.3% in 2022, India is progressing up the global value chains (GVCs). Pure backward GVC participation has also increased, reflecting the improvement in GVC participation. India rose six spots from 44th in 2018 to 38th in 2023 out of 139 nations in the World Bank's transportation Performance Index because to government initiatives to facilitate commerce and lower transportation costs.

Table No. 6: Key aspects of India's trade

| | 2020 | 2021 | 2022 |
|--|------|------|------|
| Export performance (in per cent) | | | |
| Share in World Merchandise Exports | 1.6 | 1.8 | 1.8 |
| Share in World Commercial Services Exports | 4.1 | 4.0 | 4.4 |
| Share in World Merchandise Plus Services Exports | 2.1 | 2.2 | 2.4 |
| Import Performance (in per cent) | | | |
| Share in World Merchandise Imports | 2.1 | 2.5 | 2.8 |
| Share in World Commercial Services Imports | 3.3 | 3.5 | 4.0 |
| Share in World Merchandise Plus Services Imports | 2.3 | 2.7 | 3.0 |
| India's rank in world trade | | | |
| Merchandise Exports | 21.0 | 18.0 | 18.0 |
| Merchandise Imports | 14.0 | 10.0 | 9.0 |
| Services Exports | 7.0 | 8.0 | 7.0 |
| Services Imports | 10.0 | 10.0 | 8.0 |

Source: DGFT, Monthly Bulletin on Foreign Trade Statistics, April 2024

Source: Ministry of Finance, Govt. of India, Economic Survey of India 2023-24, p.no. 108

The above discussion underlines the India's importance in the world trade through blue economy. The IOR plays a significant role in the development & growth story of India's economic transformation.

Table No. 7: List of Ports in India

| Sr. Nos. | Port Name and Location |
|-----------------|---|
| 1 | Deendayal Port (Kandla) |
| 2 | Mumbai Port |
| 3 | Jawaharlal Nehru Port JNP (Easter shore of Mumbai (Harbour) |
| 4 | Mormugao Port (West coast of India) |
| 5 | New Mangalore Port (NMP) |
| 6 | Cochin Port (South West Coast of India) |
| 7 | V. O. Chidambaranar Port (South Eastern Coast of India) |
| 8 | Chennai Port |
| 9 | Kamarajar Port Limited |
| 10 | Visakhapatnam Port |
| 11 | Paradip Port |
| 12 | Syama Prasad Mookerjee Port, Kolkata |

Source: Compilation by Authors

Since the country's marine routes account for over 90% of its total commerce volume, India's ports and trade-related infrastructure must be developed continuously to support the 'Make in India' and its extension 'Made for the World' campaign and boost the country's manufacturing sector locally to cater global needs. The Central Government of India oversees 12 major ports, while the State Governments are in charge of almost 200 minor ports. India has not yet reached the scale and scope in terms of capacity when viewed from a global perspective. Only two Indian ports are included in the current list of the world's top 50 ports. With 20 ports ranking in the first fifty, China tops the list. (World Shipping Council,2023)

Under Sagarmala, 234 projects totalling Rs. 2,91,622 Cr. have been undertaken for implementation, with a particular focus on modernizing Indian ports. 65 projects totalling Rs. 79,958 Cr are now being implemented, whereas 94 projects totalling Rs. 31,517 Cr have already been finished out of the 234 total. 14 projects involving the construction of new ports have been identified, with an estimated cost of Rs. 1,70,842 Cr. There are currently three projects in progress at Honavar in Karnataka, Chhara in Gujarat, and Kakinada SEZ in Andhra Pradesh. Eleven additional port developments are anticipated throughout India, including Vadhavan in Maharashtra, the Transshipment Port in the South Bay of Andaman Islands, Ramayyapatnam in Andhra Pradesh, and the CNG Terminal at Bhavnagar Port.

Taking into account the aforementioned conversations, India may profit due to its robust trading links with numerous nations through Blue Economy & Indian Ocean Region connectivity, despite the possibility that geopolitical unrest would impede the recovery of global trade. "India's trading ties with Asia, Europe, and the US are extensive and varied.

4. Conclusions:

A more favourable atmosphere for the expansion of the Blue Economy and sustainable development is being produced by the growing cooperation made possible by regional trade blocs. India has to get more involved in this area, and the Indian Ocean Region would be a good place to start. India must solve these difficulties with her SAGAR & BIMSTEC programs despite the fact that choke points and China's String of Pearls plan are detrimental to the growth of the Indian economy. India needs to participate in international trade and solve global challenges, if she wants to become a nation with a global status. In order to become a soft power supported by strong military might, India needs to build her capacities and capabilities. One of the way to attain such status is to develop Maritime Power over Naval Power so to become global player of importance, in particularly Indian Ocean and Indo-Pacific region.

India needs to address a few major challenges during this endeavour to become a global & dominant player in the Indian Ocean Region, including:

- In adequate domestic shipping lines and container firms;
- Encourage and Harness local reinsurance companies to match and meet international standards and scale.
- Enhancements of Port Infrastructure
- Make Conscious efforts to internationalize Indian rupees (INR)
- Facilitating the Trade-Blocks and Arrangements More Firm
- Asserting the “Neighbourhood First”, Policy with priority in International Relations, Trade & Finance

India can strengthen her position of significance in the Indo-Pacific and Indian Ocean regions by utilizing a variety of trade blocs and agreements. In addition to tackling the geopolitical issues, India would be able to capitalize on the blue economy prospects in the Indian Ocean Region if the hurdles are resolved and other initiatives are put in place. Everyone in the area and the entire planet would benefit from progress and security as a result.

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