

Bill Analysis of The Coastal Shipping Bill, 2024

Background:

- The Coastal Shipping Bill, 2024 was approved by the Union Cabinet. The Bill aims to simplify and modernize regulations in India's coastal shipping sector.
- This Bill aims to enable the statutory imposition of specific licensing conditions, such as requirements for indigenous construction or crew staffing, on foreign vessels engaged in coasting trade, thereby promoting the regulation of such activities and boosting the domestic coastal shipping economy.¹
- The bill will benefit ship owners and shipyards in India, non-vessel operating common carriers and cargo owners, beside seafarers.²
- The Coastal Shipping Bill will repeal and replace certain provisions of the Merchant Shipping Act, 1958. This new legislation aims to enhance the modal share of coastal shipping from the current 6.4% to 7.5% by 2030, and further to 12% by 2047.³
- The bill is set to benefit shipowners, shipyards in India, non-vessel operating common carriers, cargo owners, and seafarers. Additionally, Indian shipbuilding is expected to receive a significant boost, as the Ministry of Ports, Shipping and Waterways (MoPSW) officials indicate that the bill will promote the use of India-built ships for coastal shipping and trade.⁴

Overview of the Bill:

- The proposed Bill is a key component of India's comprehensive strategy to accelerate the growth of its maritime sector. The country aims to double its container handling capacity within the next five years,

¹ Business Standard- Indian coastal vessels may not need trading licence for operations, accessed at-

https://www.business-standard.com/economy/news/indian-coastal-vessels-may-not-need-trading-licence-for-operations-124101701508_1.html

² Desk, W. (2024, November 25). All you need to know about the three shipping bills to be listed during Winter Session of Parliament. *The Week*.

<https://www.theweek.in/news/maritime/2024/11/25/all-you-need-to-know-about-the-three-shipping-bills-to-be-listed-during-winter-session-of-parliament.html>

³ *ibid.*

⁴ *ibid.*

potentially creating an estimated 20 lakh jobs. By fostering a more favorable regulatory environment, the bill is expected to play a pivotal role in achieving these ambitious goals.

- Additionally, the government plans to establish shipbuilding and repair clusters in five states—Gujarat, Maharashtra, Kerala, Andhra Pradesh, and Odisha. These clusters will not only generate employment opportunities but also bolster India’s position as a global hub for ship manufacturing and maintenance.⁵
- The bill also seeks to integrate coastal maritime transport with inland waterways, enabling seamless and efficient water-based transportation across the nation, from inland rivers to the sea.⁶

Key Features of the Bill

- **Licensing Reforms:** Under the current law, Indian-flagged vessels engaged in coastal trade are currently required to obtain a general trading license. The proposed bill aims to eliminate this licensing requirement, simplifying and streamlining the procedures for Indian vessels to participate in coastal trade.⁷
- **Integration with Inland Waterways:** Operators face considerable challenges navigating the complex and overlapping permissions required from multiple authorities, including the Directorate General of Shipping (DG Shipping), to utilize inland waterways. By enhancing coordination between coastal shipping and inland waterways, the reforms aim to minimize administrative delays, optimize the use of inland waterways for cargo transport, and improve connectivity between coastal ports and inland logistics hubs.⁸
- **Comprehensive Database Development:** A centralized and comprehensive database for coastal shipping is being established, which will include detailed information on licenses, permissions, ship particulars, and operational processes. This system aims to enhance transparency in regulatory

⁵ Union Cabinet Approves Coastal Shipping Bill, 2024

<https://indiashippingnews.com/union-cabinet-approves-coastal-shipping-bill-2024/>

⁶ Maritime Makeover: How Two New Shipping Legislations Will Redefine India’s Sea Power

<https://swarajyamag.com/economy/maritime-makeover-how-two-new-shipping-legislations-will-redefine-indias-sea-power#:~:text=The%20Bill%20widens%20the%20definition,boosting%20local%20business%20and%20jobs.>

⁷ Tidke, P., Barfiwala, K. N., & Bodas, S. (2024, November 25). *Recent developments in the Shipping sector of India*. Lexology.

<https://www.lexology.com/library/detail.aspx?q=74a4cb19-c934-4d24-ab38-92dae069efa5#:~:text=On%2016th%20October%202024,grow%20the%20industry%20in%20India.>

⁸ Law, B. A. (2024b, November 22). *India’s Coastal Shipping Bill set to streamline regulations, liberalise licence norms, spur growth*. BusinessLine.

<https://www.thehindubusinessline.com/economy/logistics/indias-coastal-shipping-bill-set-to-streamline-regulations-liberalise-licence-norms-spur-growth/article68897894.ece>

procedures, facilitate better policy monitoring and data-driven decision-making, optimize resource and budget allocation, and improve operational efficiency for all stakeholders involved.⁹

- **Boost for Seafarers and Shipbuilding:** The Bill empowers the government to impose conditions on the staffing of foreign vessels, such as mandating a minimum number of Indian seafarers. It also includes provisions aimed at promoting the employment of Indian seafarers by introducing relaxed operating norms for vessels built in India or foreign vessels engaged in coastal trade with a significant proportion of Indian crew members. The bill will also boost the Indian shipbuilding industry as it will prioritize India-built ships for coastal shipping and trade, thereby strengthening the domestic maritime sector.¹⁰

Conclusion:

In conclusion, the Bill represents a transformative step toward revitalizing India's maritime industry by simplifying processes, reducing bureaucratic hurdles, and fostering a more business-friendly environment. By introducing standardized and expedited clearance mechanisms and simplifying regulations, it aims to make the sector more attractive to operators and investors. The removal of licensing norms will streamline coastal shipping operations, enhancing efficiency and cost-effectiveness, while driving growth and investments in the industry. Ultimately, these reforms will boost the competitiveness of India's coastal shipping sector, improving its global standing and creating new opportunities for innovation and expansion.

⁹Ibid.

¹⁰ Law, B. A. (2024b, November 22). *India's Coastal Shipping Bill set to streamline regulations, liberalise licence norms, spur growth*. BusinessLine. <https://www.thehindubusinessline.com/economy/logistics/indias-coastal-shipping-bill-set-to-streamline-regulations-liberalise-licence-norms-spur-growth/article68897894.ece>