

Indian coastal vessels may not need trading licence for ops

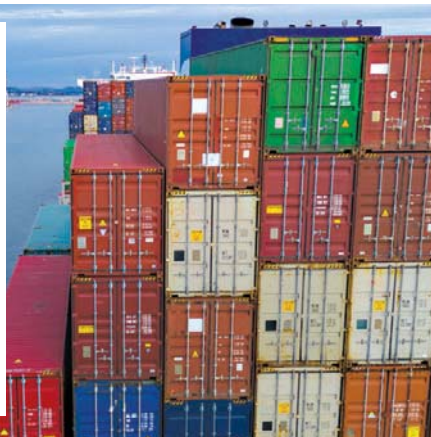
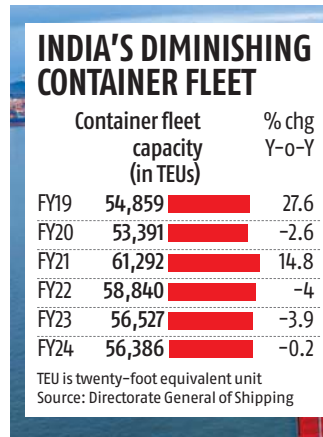
Coastal Shipping Bill, 2024, gets Cabinet nod; foreign vessel rules from 2018 proposed to be revoked

DHRUVAKSH SAHA
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The Union Cabinet has approved the Coastal Shipping Bill, 2024, which will remove the requirement for Indian-flagged vessels to acquire a general trading licence to operate on coastal waters once it gets Parliament nod.

“In view of the strategic nature of coastal shipping to the domestic economy and efforts to give impetus to the sector, it was felt necessary to give due weight to coastal shipping provisions and make them easily accessible to the industry,” officials aware of the developments said. “The Bill removes any licensing requirement for Indian vessels to participate in coastal trade. The licence conditions for foreign ships have been made statutory through this Bill,” an official said.

A draft coastal shipping Bill had been introduced for public comments in 2020 as well. The legislation has been carved out of Part 14 of the Merchant Shipping Act, 1958, to allow procedural ease for provisions related to coastal shipping. This part will be repealed



once the Bill is codified into legislation.

The Bill was not immediately available, as it would be laid in Parliament before dissemination, a Ministry of Ports, Shipping and Waterways official said. “The Bill seeks to enable statutory imposition of different licence conditions as to indigenous build or staffing of crew, etc., on foreign vessels engaged in coasting trade for their regulation, to provide impetus to the domestic coastal shipping economy,” the official said.

it needs to be supplemented with reliefs in provisions and tax burdens that pose a significant cash flow concern for domestic vessel owners and operators.

Shipowners had also sought the revocation of three orders passed in 2018 which provide exemptions for foreign-flagged vessels, putting domestic vessels at a competitive disadvantage.

Revoking coastal privileges for foreign vessels

The Directorate General of Shipping has moved to revoke three orders passed in 2018 which allowed foreign-flagged vessels chartered by foreign entities to engage in coastal trade for specific commodities, such as EXIM trans-shipment containers, empty containers, agricultural products, and fertilisers, without a licence from the regulator.

“Given the stagnation in Indian-flagged container shipping and the steady freight rates in coastal trade, the Ministry of Ports, Shipping & Waterways is considering the revocation of these General Orders to streamline regulations and improve operational efficiency, potentially boosting domestic shipping,” the regulator said in its order.

Conditions on staffing of crew for foreign vessels are likely to allow the government to enforce a minimum number of Indian seafarers on all such coastal vessels. India contributes significantly to the global seafarer count.

The proposed legislation will also allow coastal vessels to be operated in inland waterways, along with the creation of a coastal shipping database.

Industry representatives feel the Bill is a major step in the right direction, but