

## COASTAL SHIPPING BILL, 2024 - POLITY

NEWS:

The Coastal Shipping Bill, 2024 has been passed by the Lok Sabha recently.

### WHAT'S IN THE NEWS?

#### Aim of the Bill

- The Bill seeks to establish a comprehensive legal framework for regulating coastal trade in India, positioning it as a cost-effective, dependable, and sustainable mode of transportation.
- It supports the government's broader vision under the National Logistics Policy,

**Cabinet approves the**

# COASTAL

**Shipping Bill 2024**

- *To create a secure & robust framework for regulation of the commercial activity of coastal trade*
- *To introduce a framework of regulations at par with up-to date domestic & international standards*
- *Eliminates the requirement for Indian vessels to obtain license for engaging in maritime trade*
- *To create a National Database of Coastal Shipping with information regarding licenses issued*

aiming to create a seamless, multimodal logistics ecosystem.

### **Definition of Indian Coastal Waters**

- Indian Coastal Waters are defined as the territorial waters extending up to 12 nautical miles from the Indian coast, along with the adjacent maritime zones that stretch up to 200 nautical miles into the sea.

### **Need for the Bill**

- The Bill aims to modernize and consolidate laws relating to coastal shipping, ensuring smooth regulation and increased domestic involvement in the sector.
- It plays a strategic role in the Atmanirbhar Bharat initiative by encouraging the development of an Indian-owned and operated coastal fleet for both economic and national security purposes.
- The sharp rise in coastal cargo traffic over the last decade, and the projected growth ahead, highlight the need for a clear legal framework that supports this momentum.

### **Key Provisions of the Bill**

#### **Scope of Regulation**

- The Bill covers all types of vessels involved in coastal trade, including ships, boats, sailing vessels, and mobile offshore drilling units, whether self-propelled or not.

#### **Definition of Coasting Trade**

- Coasting trade is defined broadly to include the movement of goods and passengers between Indian ports, as well as the provision of services like exploration, research, and other commercial activities, excluding fishing.

#### **General Trading License**

- A key provision removes the general trading license requirement for Indian ships, aiming to reduce bureaucratic hurdles and enhance the ease of doing business.
- Foreign vessels can participate in coastal trade only after obtaining a specific license issued by the Director General of Shipping.
- The scope of who can charter foreign vessels has been broadened to include Indian citizens, NRIs, OCIs, and LLPs, thereby improving operational flexibility.

### **Revocation of Licenses**

- The Director General of Shipping is granted the authority to modify, suspend, or revoke licenses in cases of legal violations, non-compliance with license terms, or failure to follow official directions.

### **Institutional Mechanisms**

#### **National Coastal and Inland Shipping Strategic Plan**

- The Bill mandates the creation of a strategic plan every two years to support better route planning, traffic forecasting, and integration of coastal shipping with inland waterways.

#### **National Database of Coastal Shipping**

- A central database will be established to ensure greater transparency, coordination, and data-driven decision-making across the sector.

### **Authority and Governance**

- The Director General of Shipping is empowered to collect information, issue directions, and enforce compliance, ensuring smooth and efficient operations.
- The Central Government holds powers to issue exemptions and maintain regulatory oversight, allowing for flexibility where needed.

## **Cooperative Federalism and Committee Formation**

- The Bill promotes cooperative federalism by giving States and Union Territories formal representation in national planning processes.
- A committee is established under the strategic plan, chaired by the Director General of Shipping and including members such as:
  - Chairman of the Inland Waterways Authority of India
  - Representative from the Major Port Authority
  - Representative from the National Security Council Secretariat
  - Representatives from each State Maritime Board
  - Two experts representing shipowners, seafarers, or those experienced in coastal trade

## **Advantages of the Bill**

### **Inclusive Growth and Regional Development**

- The Bill strengthens inclusive growth by involving States directly in coastal and inland waterway development, helping tailor strategies to regional needs.
- States with significant coastal or riverine potential—such as Odisha, Karnataka, and Goa—stand to benefit from enhanced trade and transport connectivity.

### **Towards Self-Reliance (Atmanirbhar Bharat)**

- By ensuring legal clarity and investor confidence, the Bill promotes maritime self-reliance and strengthens India's control over strategic maritime infrastructure.
- Encouraging Indian ownership and operation of vessels reduces reliance on foreign shipping, enhancing national resilience and commercial strength.

## **Modernization and Reform**

- The Bill addresses outdated provisions in older legislation, replacing them with a modern framework that aligns with global best practices in coastal trade regulation.
- It builds on previous government reforms like prioritized berthing, faster environmental clearances, and GST reductions on bunker fuel to improve overall competitiveness.

### **Alleviation of Road and Rail Congestion**

- Coastal shipping offers a reliable and sustainable alternative to strained road and rail systems, helping to reduce logistics costs and lower carbon emissions.

Source: <https://www.thehindu.com/news/national/lok-sabha-passes-coastal-shipping-bill-2024/article69408535.ece>