

Bill Summary

The Coastal Shipping Bill, 2024

- The Coastal Shipping Bill, 2024 was introduced in Lok Sabha on December 2, 2024. It seeks to regulate vessels engaged in trade within Indian coastal waters. Under the Bill, coastal waters mean territorial waters of India, along with adjoining maritime zones. Territorial waters extend up to 12 nautical miles from the coast (about 22 km). Adjoining maritime zones extend up to 200 nautical miles (about 370 km).
- The Bill seeks to repeal Part XIV of the Merchant Shipping Act, 1958, which regulates ships other than sailing vessels engaged in trade within coastal waters. The Bill seeks to regulate all types of vessels, including ships, boats, sailing vessels, and mobile offshore drilling units, regardless of them being self-propelled or not.
- **Services to be also covered under coasting trade:** Under the Act, coasting trade refers to the carriage of goods and passengers from one place or port in India to another. The Bill expands this definition to include provision of services. Services include exploration, research, and any other commercial activity, except fishing.
- **Licence for coasting trade and certain other purposes:** The Act requires licence for all vessels engaging in coasting trade. The Bill states that vessels wholly owned by Indian persons will not need a licence.
- For purposes other than coasting trade, the Bill requires licence for vessels that are not wholly owned by Indian persons. These are vessels that: (i) are hired by Indian persons, non-resident Indians (NRIs) or overseas citizens of India (OCIs), and (ii) are operating between Indian and international ports, or between international ports. OCIs hiring vessels for operating exclusively outside India will not require a licence.
- The licences will be issued by the Director General of Shipping, who is appointed by the central government. The Director General may permit a vessel registered under the Inland Vessels Act, 2021 (operating in inland waterways) to engage in coasting trade.
- **Revocation of licences:** The Act empowers the Director General to modify or revoke licences. The Bill specifies the grounds for modification, suspension, or revocation of licences. These include: (i) violation of terms of licence or an existing law, or (ii) failure to comply with directions of the Director General.
- **Revision of penalties:** Under the Act, engaging in coasting trade or taking a vessel to sea without a licence is punishable with imprisonment of up to six months, a fine of up to Rs 1,000, or both. The Bill increases the maximum fine to Rs 15 lakh or four times the gains from an unlicensed voyage, whichever is higher.
- The Act empowers the Director General to issue directions on subjects such as: (i) class of passengers or cargo that may be carried, and (ii) diversion of routes. Failure to comply with its directions is punishable with imprisonment up to six months, a fine of up to Rs 1,000, or both. The Bill replaces the punishment with a civil penalty of up to five lakh rupees or two times the gains made from the contravention, whichever is higher.
- The Director General may seek information on subjects such as transaction records and fares. Failure to provide details correctly or on time is punishable with imprisonment of up to six months, a fine of Rs 500, or both. The Bill increases the fine to Rs 50,000.
- **Vessels may be detained for certain offences:** The Bill also provides for detention of vessels as a punishment for certain offences such as operating without a licence, violating directions of Director General, and providing false information.
- **Compounding of offences:** The Act allows all first offences to be compounded. Under the Bill, only following offences will be compoundable: (i) undertaking coasting trade without licence or with an expired licence, (ii) taking vessel into sea without licence, (iii) failure to furnish information, and (iv) violating a detention order.
- **Coastal and Inland Shipping Strategy Plan:** The Bill requires the central government to prepare a National Coastal and Inland Shipping Strategic Plan within two years of the commencement of the Act.
- **Powers to exempt:** The central government may exempt any class of vessels from the application of the Bill.

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