



MARITIME LAW

# Modernizing India's Maritime Sector: The Coastal Shipping Act, 2025

**AUTHOR** Ritika Dedhia

**PUBLISHED** 13 August 2025

## Introduction

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The Coastal Shipping Act, 2025, which was passed by the Indian Parliament and received the President's assent on August 9, 2025, represents a significant legislative reform for India's maritime sector. Published in The Gazette of India, the Act aims to consolidate and amend laws governing coastal shipping, encourage domestic participation in the coasting trade, and ensure that India possesses a coastal fleet owned and operated by its citizens to meet its national security and commercial needs. This progressive legislation replaces Part XIV of the Merchant Shipping Act, 1958, aligning India's maritime legal framework with global standards. It is a strategic move to unlock the immense potential of India's extensive 11,098 km coastline and is a crucial step toward achieving the national vision of “**Viksit Bharat**” and “**Aatmanirbhar Bharat**”.

## Applicability of the Coastal Shipping Act, 2025

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**The Coastal Shipping Act, 2025, applies to the following:**

- **Vessels Engaged in Coasting Trade:** Every vessel, except an Indian vessel, that is engaged in coasting trade, regardless of the owner's residence or domicile.
- **Chartered Vessels:** Any chartered vessel as specified in Chapter IV of the Act.
- **Geographical Area:** The coastal waters of India.

The Act will come into force on a date appointed by the Central Government through a notification in the Official Gazette, and different dates may be set for different provisions.

## Need for the Coastal Shipping Act, 2025

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The Coastal Shipping Act, 2025, is a significant legislative reform acting as a strategic enabler for India's maritime sector by promoting economic growth, employment, and logistics efficiency. A central aim of the Act is to increase the country's coastal cargo share to **230 million metric tonnes by 2030**. This is to be achieved by simplifying the legal framework, which in turn reduces regulatory burdens and enhances the competitiveness of Indian vessels. The legislation is a crucial step towards achieving the national goals of “**Aatmanirbhar Bharat**” and “**Viksit Bharat**” by minimizing dependence on foreign vessels, bolstering supply-chain security, and preventing the outflow of foreign exchange. Furthermore, this reform is expected to catalyze local economic development and generate new employment opportunities in coastal regions.

## Key Provisions and Sections of the Coastal Shipping Act, 2025

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### • **Prohibition and Licence for Coasting Trade (Chapter II)**

Chapter II regulates coasting trade by establishing a licensing system. It prohibits any non-Indian vessel from operating in Indian coastal waters without a license from the Director-General. When reviewing a license application, the Director-General considers factors such as the applicant's history, the crew's nationality, and national security. The Director-General also has the authority to suspend, revoke, or modify a license if the holder violates any of its conditions.

### • **National Coastal and Inland Shipping Strategic Plan and National Database (Chapter III)**

Chapter III mandates the Central Government to formulate and publish a **National Coastal and Inland Shipping Strategic Plan** within two years of the Act's commencement. To ensure transparency and provide real-time information to the public and potential investors, the chapter also requires the Director-General to maintain and regularly update a **National Database for Coastal Shipping** on a dedicated web portal.

### • **Licensing of Chartered Vessels (Chapter IV)**

Chapter IV governs the licensing of chartered vessels. It states that any sea-going vessel chartered by an Indian citizen or a specified Indian entity is prohibited from sailing from an Indian port or a port outside India without a license granted by the Director-General. This provision ensures that all chartered vessels operating under the direction of Indian citizens or entities are subject to regulatory oversight.

### • **Offences and Penalties (Chapter V)**

Chapter V outlines the penalties for various offenses. According to **Section 15**, individuals who engage in coasting trade without the required license can face punishments including imprisonment and fines. Additionally, **Section 21** specifies penalties for those who fail to furnish mandatory information or provide false or misleading information.

- **Miscellaneous (Chapter VI)**

Chapter VI grants the Central Government various powers. It has the authority to issue policy directions, exempt certain vessels or classes of vessels from the Act's provisions, and create rules necessary for its implementation.

- **Repeal and Savings (Chapter VI)**

Chapter VI addresses the repeal of previous legislation and includes a savings clause. The Act specifically repeals **Part XIV of the Merchant Shipping Act, 1958**, but with the exception of **Section 411A**. To ensure a smooth transition, the Act includes a savings clause that allows all existing rules, regulations, and licenses issued under the repealed legislation to remain valid until they expire, are revoked, or are disposed of under the new Act.

## Conclusion

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The Coastal Shipping Act, 2025, represents a significant and decisive step toward creating a modern, efficient, and self-reliant maritime ecosystem in India. This legislation goes beyond a simple legal update, it is a strategic move designed to unlock the immense potential of the country's vast coastline, enhance the resilience of the nation's supply chains, and drive strong economic growth. By replacing outdated provisions from the Merchant Shipping Act, 1958, with a simplified and forward-looking framework, the Act sets a new standard for maritime governance.

This reform is not an isolated effort. It is part of a comprehensive legislative package that includes the Merchant Shipping Bill, 2025, and the Carriage of Goods by Sea Bill, 2025. This coordinated initiative by the Ministry of Ports, Shipping & Waterways demonstrates a clear and unwavering commitment to transforming India into a globally recognized maritime hub. With this new legal foundation firmly in place, the focus now shifts to the practical implementation of these reforms. The mandated National Coastal and Inland Shipping Strategic Plan will be the roadmap for achieving the ambitious goal of increasing coastal cargo traffic, thereby encouraging a new era of prosperity for coastal regions and contributing significantly to the nation's overall development.

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