

Bill Analysis of The Carriage of Goods by Sea Bill, 2024

Background:

- The Carriage of Goods by Sea Bill, 2024, was introduced in Lok Sabha on 9th August, 2024. It aims to replace the Indian Carriage of Goods by Sea Act, 1925 which was based on the principle based on outdated Hague and Visby Rules.¹
- The Bill aligns with international standards and adapts to the evolving global dynamics of the shipping industry.
- The Carriage of Goods by Sea Bill, 2024 revises the responsibilities, liabilities, rights, and immunities of carriers in the shipping industry.² It retains key provisions from the original Act, and aims to update the legal framework governing sea transport in alignment with contemporary practices in Ports, Shipping, and Waterways.

Overview of the Bill:³

- **Alignment with Modern Maritime Law:** The Bill incorporates updates from international maritime law, including the 1968 Brussels Protocol (Visby Rules) and the 1979 Protocol, which were absent in the 1925 Act. These amendments refine the liabilities of carriers and shippers, applying them more comprehensively to the transportation of goods by sea from Indian ports to any global destination, whereas the earlier Act had a narrower scope.
- **More Procedural Clarity:** The new Bill maintains the provision from the 1925 Act that does not impose an absolute obligation on carriers to provide a seaworthy ship. However, it expands flexibility in applying the rules under Article VI, particularly for specific routes and sailing ships. The process for third-party

¹ Government introduces Carriage of Goods by Sea Bill, Bills of Lading Bill in Lok Sabha
<https://economictimes.indiatimes.com/industry/transportation/shipping-/transport/government-introduces-carriage-of-goods-by-sea-bill-bills-of-lading-bill-in-lok-sabha/articleshow/112409023.cms?from=mdr>

² ibid.

³ Ibid

weight verification of bulk cargo, present in the 1925 Act, is preserved but now includes clearer procedural guidelines and legal consequences.

- **More Central Oversight:** The Bill grants the Central Government broader discretionary powers to issue directives and modify the Schedule as necessary, a feature that was less explicit in the older Act. The 2024 Bill explicitly repeals the 1925 Act ensuring past actions and obligations remain valid while modernizing the legal framework to align with contemporary maritime practices.

Significance of the Bill⁴:

- **Global Consistency and Clarity:** The law's alignment with international standards will provide Indian traders with greater clarity and predictability when engaging in overseas trade. This will help businesses to operate under rules that are recognized and accepted worldwide, thereby reducing the scope for disputes arising from regulatory differences.
- **More Accountability:** Since it will hold carriers to stricter standards, shippers and cargo owners will be able to benefit from improved safety and reduced risks. It will also ensure the seaworthiness of ships and safe handling of goods, subsequently reducing incidents of cargo damage loss.
- **Government Flexibility:** With the help of more Central oversight, the Government will be able to amend provisions that are in alignment with the evolving global standards. This will ensure that India remains competitive in the International shipping landscape.

Areas of Further Deliberations:

- **Increased Legal and Compliance Costs:** The enhanced responsibilities for carriers under the new framework could lead to higher compliance expenses. These increased costs may eventually be passed on to consumers, potentially resulting in higher shipping rates.
- **Transition to a New Legal Framework:** Indian businesses accustomed to the 1925 Act may encounter challenges in adapting to the updated legal framework. This transition will necessitate revising contracts,

⁴ Tax Management India (2024): How the Carriage of Goods by Sea Bill , 2024, is Set to Transform India's Maritime Trade
https://www.taxmanagementindia.com/visitor/detail_article.asp?ArticleID=12880

updating internal processes, and training staff to ensure understanding and compliance with the new requirements.⁵

- **Lack of Clarity:** The Bill is applicable to ships that carry goods from any Indian port to ports that are both within and outside of India. However, the clear definition of what constitutes a “port” or the nature of “goods” requires clarification to avoid any legal disputes.
- **Allowance of Goods of Any Class:** The amendments that have allowed goods of any class to be carried on sailing ships and special routes could lead to inconsistent safety standards. Additionally, the flexible evidentiary standards for bulk cargo weight verification might create difficulties for shippers in case disputes arise over the actual cargo weight or condition.⁶

⁵ Ibid

⁶ Impact and Policy Research Institute (2024): The Carriage of Goods by Sea Bill
<https://www.impriindia.com/insights/carriage-of-goods-sea-bill-2024/>