

Bill Analysis of The Merchant Shipping Bill, 2024

Background

- The Merchant Shipping Bill, 2024, represents a significant legislative initiative to modernize India's maritime regulatory framework. This legislation aims to supersede two existing statutes: the Merchant Shipping Act, 1958 (Act No. 44 of 1958) and the historically dated Coasting Vessels Act, 1838 (Act No. 19 of 1838). The Bill's introduction follows the expiration of its 2016 predecessor, which lapsed with the dissolution of the 16th Lok Sabha.¹
- In its current formulation, the bill adopts a forward-looking approach focused on several key objectives: reducing regulatory compliance burdens, expanding maritime tonnage capacity, enhancing welfare measures for seafarers, strengthening maritime safety protocols, implementing robust marine pollution prevention measures, and fulfilling India's international maritime obligations. These reforms are designed to create a more transparent and business-friendly maritime sector while maintaining high standards of safety and environmental protection.²

Key Features of the Merchant Shipping Bill, 2024

- The Merchant Shipping Bill, 2024, brings transformative reforms to modernize India's maritime laws and drive growth in the shipping industry, with a key focus on changes to Bareboat cum Demise Charter (BBCD) provisions ³i.e
1. **Bareboat cum Demise Charter (BBCD) Provisions⁴:**

¹ Ministry of Ports, Shipping and waterways issues Draft Merchant Shipping Bill, 2020 for Public Consultation. (n.d.). <https://pib.gov.in/PressReleasePage.aspx?PRID=1676050>

² X.com. (n.d.). X (Formerly Twitter). https://x.com/dgship_goi/status/1854077906697486581

³ Bareboat cum Demise Charter (BBCD) Provisions: A financing arrangement where buyers pay one-fourth of the vessel's cost upfront and the rest in installments over 3 to 5 years. Previously, ships could only be registered under the Indian flag after full payment. The new Bill allows registration before final payment, speeding fleet expansion and supporting the maritime sector's growth, aligning with global practices and boosting India's shipping competitiveness.

⁴ Manoj, P., & Infra, E. (2024b, November 7). Govt to reform ship ownership and registration rules with new Merchant Shipping Bill. ETInfra.com. <https://infra.economictimes.indiatimes.com/news/ports-shipping/govt-to-reform-ship-ownership-and-registration-rules-with-new-merchant-shipping-bill/115059491>

- It is a financing arrangement for acquiring ships. Under BBCD, a buyer typically pays a one-fourth upfront cost of the vessel and settles the remaining balance in installments over 3 to 5 years. Under the previous law, ships bought this way could only be registered under the Indian flag once the full payment was completed, which slowed down fleet expansion.
- The new Bill allows these ships to be registered under the Indian flag even before the last installment is paid. This change facilitates quicker integration of new vessels into the Indian fleet, helping boost India's maritime presence and supporting the growth of the shipping industry. The move aligns with the government's goal to simplify the process and encourage investment in the maritime sector, while also addressing global business practices.
- This shift is expected to stimulate economic growth by expanding India's shipping capabilities, making it more competitive internationally.

- **Expanded Definition of Indian Vessels:**

The Bill broadens the criteria for what qualifies as an Indian vessel. It includes ownership by:

- Indian citizens.
- Non-Resident Indians (NRIs).
- Overseas Citizens of India (OCIs).
- Companies or entities established under Central laws with their principal offices in India.
- Other entities as notified by the Central government.

Proportions of ownership required for registration will be detailed in the rules. This marks a shift from the Merchant Shipping Act, 1958, which required vessels to be wholly owned by Indian entities.

2. **Transforming Maritime Operations Through Digital Systems and Compliance:** The new Merchant Shipping Bill streamlines vessel compliance through business-friendly reforms, introducing comprehensive digitalization by enabling electronic registration, documentation, and payment systems while granting statutory recognition to e-agreements, records, and logbooks; furthermore, it establishes

a sophisticated electronic database for risk-based ship inspections, creating an efficient port state control mechanism that optimizes the coordinated inspection process⁵.

3. **Establishing Emergency Response Framework and Strengthening Maritime Safety Protocols:** The proposed Bill introduces, for the first time, a statutory framework for regulating maritime emergency response against maritime incidents. It also empowers the Centre to undertake required salvage operations⁶. Focusing on safety, it empowers principal officers to act against unsafe vessels through entry denial, detention, or removal to protect life at sea and the environment. The legislation also mandates comprehensive insurance coverage for maritime accidents like oil spills, complemented by a government fund to provide additional compensation when damages exceed standard coverage limits⁷.

Conclusion:

The Merchant Shipping Bill, 2024, is a pivotal reform that seeks to modernize India's maritime sector, ensuring its growth and competitiveness on the global stage. By replacing outdated legislation and introducing progressive measures, the Bill aims to enhance efficiency, improve safety standards, and boost the nation's shipping capabilities. This comprehensive approach not only addresses the immediate needs of the industry but also lays the foundation for a sustainable and robust future, positioning India as a key player in global maritime trade.

⁵ Manoj, P., & Infra, E. (2024, November 7). Govt to reform ship ownership and registration rules with new Merchant Shipping Bill. ETInfra.com. <https://infra.economictimes.indiatimes.com/news/ports-shipping/govt-to-reform-ship-ownership-and-registration-rules-with-new-merchant-shipping-bill/115059491>

⁶ Law, B. A. (2024, November 20). India's maritime ambitions: decks cleared for new Merchant Shipping Bill to ease ownership, protect seafarers, tackle pollution. BusinessLine. <https://www.thehindubusinessline.com/economy/logistics/indias-maritime-ambitions-decks-cleared-for-new-merchant-shipping-bill-to-ease-ownership-protect-seafarers-tackle-pollution/article68890177.ece>

⁷ Law, B. A. (2024, November 20). India's maritime ambitions: decks cleared for new Merchant Shipping Bill to ease ownership, protect seafarers, tackle pollution. BusinessLine. <https://www.thehindubusinessline.com/economy/logistics/indias-maritime-ambitions-decks-cleared-for-new-merchant-shipping-bill-to-ease-ownership-protect-seafarers-tackle-pollution/article68890177.ece>